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# West Europe Report

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8 January 1985

## WEST EUROPE REPORT

### CONTENTS

#### ARMS CONTROL

##### NETHERLANDS

- Background, Nature of Cruise Missile Decision Analyzed  
(S.I.P. van Campen; INTERNATIONALE SPECTATOR, Oct 84)..... 1

#### POLITICAL

##### DENMARK

- Defense Committee Member Defects From Progressives to Schluter  
(Solveig Rodsgaard; BERLINGSKE TIDENDE, 8 Nov 84)..... 7
- Foreign Minister Backs Three Foreign Aid Projects  
(BERLINGSKE TIDENDE, 20 Nov 84)..... 10

##### GREECE

- U.S. Policy Viewed: Facts, Comments, Predictions  
(I MESIMVRINI, 15 Nov 84; TO VIMA, 18 Nov 84)..... 11
- Stearns-Papandreou Personal Relationship, by Alex. Velios  
State Department Versus Politicians, by Kh. K. Bousbourelis
- Electoral Law Proposals Viewed From Different Angles  
(Various sources, various dates)..... 16
- Two-Phase System Proposed, by Nikos Krikis  
Simple Proportional Seen Impossible  
PASOK's Dangerous Logic  
Karamanlis' Reported Position, by Alex Velios

Turkish Official Visits Athens for Cooperation Talks (I KATHIMERINI, 25 Oct 84).....	23
French Politician Attempts To Visit Greece (I KATHIMERINI, 25 Oct 84).....	25
Papandreou's Entourage: 'Americans,' 'Germans' (I KATHIMERINI, 21-22 Oct 84).....	26
Alleged KYP Document Termed False (TA NEA, 11 Oct 84).....	28
Briefs Tsokhatzopoulos Promotion Delayed	29

#### ICELAND

Paper Speculates on Possible Changes in Government (Editorial; MORGUNBLADID, 8 Nov 84).....	30
Leftist Party Would Use Labor Dispute To Start Revolution ( 'Staksteinar'; MORGUNBLADID, 6 Nov 84).....	32
People's Alliance Chief Gestsson on SDP Labor Stand ( 'Staksteinar'; MORGUNBLADID, 16 Nov 84).....	35
People's Alliance Denounces Coalition Economic Policy (MORGUNBLADID, 21 Nov 84).....	38
People's Alliance Seeks Cooperation With Leftists (MORGUNBLADID, 21 Nov 84).....	40
Social Democratic Party Elects Jon Baldvin Hannibalsson Chief (MORGUNBLADID, various dates).....	42
Departing Chairman's Address Foreign, Security Affairs Forgotten Party Planks Adopted Paper Views New Chairman, Editorial	

#### NORWAY

Poll Shows Leftist Parties Gaining (AFTENPOSTEN, 17 Nov 84).....	49
Liberal Ally Loses Ground Newspaper on Coalition's Losses, Editorial	

# MILITARY

## DENMARK

### Briefs

Additional F-16s Requested 53

## FEDERAL REPUBLIC OF GERMANY

Woerner Assesses Mobilization Manpower Options  
(Manfred Woerner; DIE WELT, 18 Oct 84)..... 54

SPD Presents Armed Forces Structure Proposal for 1990's  
(FRANKFURTER ALLGEMEINE, 15, 17 Nov 84)..... 58

Manpower Reduction to 300,000, by Claus Genrich  
Ehmke Revises Manpower Estimate

Bundeswehr Officers Go Public on Promotions, SPD 'Cacophony'  
(DIE WELT, 29 Oct, 2 Nov 84)..... 60

Woerner Irritated at Discussion, by Horst Dalchow  
SPD Security Policy Roasted, by Peter Philipps

More Funds, Effort in Civil Defense Planned  
(S. M. Gergely, Alois M. Goeschl; PROFIL, 12 Nov 84)..... 62

Air Force Pilots To Train in Sardinia  
(Peter Amstutz; FRANKFURTER RUNDSCHAU, 14 Nov 84)..... 65

## GREECE

Indecision Affects U.S. Navy Use of Rodos Island  
(ENA, 4 Oct 84)..... 67

Volunteer Corps in 'Leopard' Tank Training  
(TO VIMA, 28 Sep 84)..... 69

Implementation of Planned Security Corps Unification  
(I KATHIMERINI, 17 Oct 84; POLITIKA THEMATA, 11 Oct 84)..... 70

Forthcoming Unification  
Karamanlis' Suggestions Accepted

### Briefs

Fuel Economy Invention 72

## NORWAY

### Briefs

Submarine Search in North 73

## SWEDEN

Hagglund Selling Its Terrain Vehicle to Armed Forces Around World (Thomas Johsson; DAGENS NYHETER, 16 Nov 84).....	74
Liberal Party Defense Committee Attacks Thinking in Forces (Hans Lindblad; SVENSKA DAGBLADET, 8 Nov 84).....	78
JAS Project Suffering Serious 'Brain Drain' as Experts Quit (NY TEKNIK, 8 Nov 84).....	82
Government Agency Loses Personnel to Industry, by Lars Eriksson Salary Not Most Important, by Anders Wallerius	
Briefs Arms Export Control Board	86

## ECONOMIC

## FINLAND

Poland's Jaruzelski Discusses Trade Needs With Vayrynen (Kyosti Karvonen; HELSINGIN SANOMAT, 29 Oct 84).....	87
Human Rights Situation Discussed Food Exports Main Topic	

## ICELAND

Prime Minister Warns of Economic Trends (MORGUNBLADID, 23 Nov 84).....	90
Paper Discusses Hard Economic Choices Facing Government (Editorial; MORGUNBLADID, 23 Nov 84).....	92
Country's International Credit Rating Sinks (MORGUNBLADID, 22 Nov 84).....	94
Fuel Prices Rise From 13 to 28 Percent After Devaluation (MORGUNBLADID, 24 Nov 84).....	96
Fishing Fleet Owners Worried About Fuel Price Hikes (MORGUNBLADID, 24 Nov 84).....	97
Paper Sees Labor Demands Resulting in Renewed Inflation (Editorial; MORGUNBLADID, 2 Nov 84).....	98

Briefs	
Inflation Rate Predictions for 1985	100
Price Impact of Devaluation	100

## ITALY

Briefs	
Urea Plant for India	101

## NORWAY

Business Barometer Indicates Slower GNP Growth Ahead (Bjorn H. Tretvoll; AFTENPOSTEN, 17 Nov 84).....	102
--	-----

## SWEDEN

Unemployment Gradually Being Reduced (Clas Barkman; DAGENS NYHETER, 9 Nov 84).....	105
Growth Expected To Drop in 1985 (Bjorn Anders Olson; DAGENS NYHETER, 10 Nov 84).....	107

## TURKEY

Glimmer of Hope Seen for 1985 Inflation Battle (DUNYA, 14 Nov 84).....	109
Central Bank Opens Credit Coffers to Agriculture (MILLI GAZETE, 14 Nov 84).....	111

## ENERGY

### ITALY

Estimates for Natural Gas Demand (NOTIZIARIO DELL'ENEA, Aug-Sep 84).....	113
Two Photovoltaic Plants Operational in Verona, Giglio (NOTIZIARIO DELL'ENEA, Aug-Sep 84).....	115
Zambelli Plant in Verona	
Isola del Giglio Plant	

## BACKGROUND, NATURE OF CRUISE MISSILE DECISION ANALYZED

The Hague INTERNATIONALE SPECTATOR in Dutch Oct 84 pp 601-604

[Article by Dr S.I.P. van Campen, former director of the staff of the NATO Secretary General from 1971 to 1984: "Netherlands and the Missile Question"; passages enclosed in slantlines printed in italics]

[Text] On Friday, 1 June, the Dutch government made a decision on the missile question which was later approved by the Second Chamber. The text of that decision is well known, and even though some people made it seem as if a painful issue in Dutch politics had thus been disposed of -- see, to take a single example, the somewhat remarkable comment attributed to Minister Van Aardenne: "the missile got past the church"\* -- others assumed, and I believe rightly so, that this was not the case at all.

Whatever the case may be, perhaps now is the right moment to say something about the nature and the consequences of that decision, particularly about the reactions abroad, that is to say first of all among the allies. It should be kept in mind here that mutual transactions within the alliance are generally characterized by a great reserve and politeness -- far too much politeness for my taste. This is true of confidential exchanges of ideas, but particularly of public statements. A nice summary of a few official, but mostly non-official reactions can be found in the NRC HANDELSBLAD issue of 2 June; and Bonn's irritation in the same newspaper on 6 June; but generally speaking the government's decision was not followed by sharp public criticism from the allies.

It would not be superfluous first of all to determine some facts with regard to NATO's double decision of 12 December 1979 -- and especially the three elements which, directly or indirectly, played a role in the deployment decision; I know from personal experience that they have caused a great deal of misunderstanding in the Netherlands, especially in view of the principle of unanimity, which forms the basis for the NATO decisions. During the talks at the ministerial meeting of the North Atlantic Council of December 1979 the alliance as such had to express its views on one point only. As a matter of fact, the production of the missiles was a purely national American matter; the possible deployment of this weapon system alone is a matter for the five countries which have been approached about it: England, the FRG, Italy, Belgium and the Netherlands.

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\* DE VOLKSKRANT, 15 June 1984.



The only point which /all/ the allies had to give their views on was the question of whether or not the deployment of SS-20 missiles on the Russian side necessitated countermeasures by the alliance; and it is of some significance to note that everyone, including the Dutch government at the time, recognized the need for counteraction. In other words: on the only point on which unanimity was required, it was complete; the whole alliance stood behind the decision for military action.

While this is a first observation, the second one is I believe no less relevant. The Dutch ministers made a proviso with regard to the stationing of the missiles in the Netherlands; and since then some people have spoken, somewhat mistakenly, of an "exceptional" position by the Netherlands: if one recalls what the then secretary general said during his press conference of 12 December 1979 about the flexibility of the alliance with regard to the /total number/ of the weapon systems to be deployed, one will have to agree that /all/ member states were willing, if negotiations with the Soviet Union produced any results, to alter the total number of 572, but then downwards; nobody was thinking of expanding that number. The number 572 was not sacrosanct. The only thing that was special about the Dutch position was precisely that they committed themselves to a decision prior to the deadline of December 1981: and the Hague did /not/ keep this promise.

Third observation: between 12 and 19 December 1979 (the latter date was that of the parliamentary debate) the rumor was going around in the Netherlands that in Brussels the Dutch government had expressed itself in favor of the /production/ (in America) of these weapons, which was partly based on a statement made by the secretary general during his press conference. As a result of this rumor and a few other problems related to NATO's double decision and the expected vote in parliament, the then prime minister asked me to go to the Hague; with the approval of the secretary general I complied with that request. The meeting took place in the Catshuis during the evening of 17 December and resulted, among other things, in the secretary general's letter of 18 December. In this letter the secretary general confirmed that during the ministerial meeting of 12 December the Dutch delegation had not expressed its views on the production of the weapon systems in question, in contrast to a few other delegations which did give a positive reaction. This led the secretary general to assume that the Netherlands had not expressed itself as opposed to that production. Hence his statement, mentioned earlier, in his press conference, "which, as a matter of fact, was based on an error on my part." This letter was made public by the prime minister during the debate in parliament, and I believe that the letter had some impact on the course of that debate.

Decisions about national security policy have always and everywhere both a domestic and a foreign policy aspect. However, the decision made by the Lubbers administration was a typical Dutch domestic policy compromise which did not pay much attention to the demands of national security and none at all to the requirements of allied solidarity. The VVD [People's Party for Freedom and Democracy] was given a future but far from automatic assurance of deployment; the CDA [Christian Democratic Appeal] however was given a delay and a nod to the striving for arms control; the coalition was saved and the road was blocked for the PvdA [Labor Party]. It is this aspect to which everything else is sacrificed; the possibility that the PvdA might not have won possible

elections does not seem to have played a role. Finally it seems to me that the Lubbers decision, which was questionable in its assumption, was badly thought out and incomplete in its development. Let us look at all of that in greater detail.

One may have well-founded criticism about the tactics used by the allied powers in reaching the decision of 1979. It is possible to defend the position that this time again the American tactics were less fortunate. The writer of this article already expressed his opinion on this internally in October 1979. But whatever one may think about it, the deployment decision itself was and is fully justified; the Russians have knowingly and deliberately upset the balance of power or, if you will, the balance of terror, and there is no escaping the political and especially military measures needed to restore that balance.

As was mentioned earlier, /all/ members of the alliance subscribed to that view in 1979. The Dutch government never let on that it had changed its opinion; and to say /now/ that it is "quite enough" and to speak /now/ of a postponement in the deployment until 1986, while in 1979 they already agreed with those who felt that the balance of power had been upset in a questionable manner, is an inconsistency which must be characterized at least as remarkable and which will undoubtedly be seen as such by the allies.

If we proceed from the proposition that the security of the Netherlands is ensured only through and in the alliance, then it must be concluded that the decision of 1 June represents a questionable tampering with the contribution of the Netherlands to the alliance -- unless we want to play make believe under the protection of the German and American umbrella, which is politically defensible but in terms of morality (a Dutch specialty) not beyond reproach.

As far as the solidarity factor is concerned, it is a fact that all member states as well as the leaders of the alliance saw the 1979 decision as a demonstration of allied solidarity. Here again one may wonder whether this policy was right, but in 1979 nobody expressed any objections to this conception; and there is no doubt that internationally speaking the Dutch government's decision will be seen as a weakening, perhaps even as the negation of that solidarity. The Alliance feels that this military and political solidarity is necessary if it is to fulfill the task assigned to it.

With the decision of 1 June, the Netherlands broke the solidarity. Why? For domestic political reasons? Undoubtedly; can we fully exclude the possibility however that some people actively thought of a foreign policy initiative? I am thinking here of somewhat weightier figures than the CDA parliamentary party leader. According to the NRC HANDELSBLAD of 12 June, the prime minister himself stated the following in an interview:

"It is not the Netherlands which has been embarrassed by the deployment of the cruise missiles, but the Soviet Union. If people think that the Dutch government's decision has no effect on the Soviet Union, I would say on the other hand that our decision has taken some propaganda out of the hands of the Soviet Union."

The hope has been expressed concerning such flourishes that the prime minister does not mean everything that he says;\* but even in that case there are limits to what a Dutch government leader can say about international relations. Against the background of reality such statements are droll; the Netherlands has no influence at all on the Soviet Union, and the damage among the allies has been a fact for years;\*\* all of this only confirms that in matters of international security policy a country like the Netherlands has for a long time had no more room for any kind of "going it alone."

In all of this we cannot overlook the fact that the allies do not have any assurance about the deployment of missiles in the Netherlands, even if the Russians calmly continue to deploy the SS-20 systems. We are dealing here with a government, one of whose predecessors -- also with heavy CDA participation --, already broke the 1979 promise.\*\*\*

Why would the same CDA produce a measure of unity and realistic thinking in 1986 which it has been unable to do since 1979? Consequently, Mr Nijpels' enthusiasm seemed somewhat premature.

A couple of examples might illustrate what was said above about the bad effects of the government's decision. The text mentions only SS-20 systems; if by 1 November 1985 more than 1,134 SS-20 nuclear warheads (the total as of 1 June 1984) have been stationed, then the Netherlands will proceed with the deployment of cruise missiles. This implies then that it depends on Moscow whether missiles will be deployed in the Netherlands -- a strange situation: a possible opponent is to decide whether the Netherlands will have modern means of defense at its disposal! What is even more strange, however, is the fact that the decision does not mention any other weapon systems in the SS-series, such as the SS-22's for example which, in spite of having a shorter range than the SS-20's, are already able to threaten the Netherlands, and indeed already do so. It is clear that this gap would give the Soviet Union, if it so desires, an additional means to put pressure on the Netherlands.

The second point is connected to the first. How does the Dutch government know the total number of nuclear warheads as of 1 June 1984, and how does it know that this number conforms to reality? Only because the American special services have informed the allies of this; those allies do not have the technical resources at their disposal to verify the American data. Let us assume that on 1 November 1985 the same source comes up with a higher number, but that the Soviet Union denies the further deployment of SS-20's -- would not we then provoke a "did/did not" controversy of unusual proportions? We can already predict today what the consequences could be, on the one hand, for relations with the United States and, on the other hand, for the maintenance or establishment of a majority in the Dutch parliament which, let us not forget, will have to approve a possible agreement with Washington concerning the stationing of cruise missiles.

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\* J.L.Heldring, "Dezer Dagen"[These Days], NRC HANDELABLAD, 15 June 1984.

\*\* But other reasons have also contributed to this.

\*\*\* Other countries in the alliance have also done this -- Belgium, for example. However, this article deals exclusively with Dutch policy in the matter.

## Conclusion

In spite of everything that was said above, it is not all that easy to come to a final conclusion about the Dutch decision. It must be recognized that, given the development of the situation in the Netherlands since 1979 (for which the successive Dutch governments must in fact accept the responsibility themselves because of their constant failure to inform the nation about international realities by means of a sound information policy), the Lubbers administration has succeeded, by means of an almost diabolically clever compromise formula, in putting nearly all the parties in check -- for the moment at least; in this respect it made skilful use of the near panic fear of the fall of the administration and especially of the personality and political tendencies of the possible successor, so that one observes today that even convinced proponents of deployment according to the old plan have given in; the coalition has been saved, and they flatter themselves in the conviction or the hope that the currently postponed stationing will be accomplished without further difficulties in 1986.

Consequently, we cannot keep the government from receiving praise for having found a solution to an extremely difficult internal problem for which, whatever one may think of its inconsistencies, incompletenesses and pretensions, a certain measure of internal effectiveness -- in the short term -- cannot be denied.

But it remains a decision made by the municipal council of Zwinderen.\* It is totally and completely directed toward Dutch political problems, and it neglects international reality. It was explained before why the allies, notwithstanding public and even confidential statements, will not receive this cleverness with thanks. This decision will not strengthen the position of the Netherlands within the alliance but, on the contrary, weaken it.

Furthermore there is an argument, not yet mentioned above, which may be the strongest point of criticism concerning the Dutch decision and the formulation of which will conclude this short commentary. It is a basic interest of the Netherlands to keep the alliance as strong as possible, that is to say -- aside from its military strength -- not to weaken the mutual confidence of North America and the European member states. Everybody knows that this confidence, especially that of American public opinion in the steadfastness of the European allies, is weakening, so much so that the newly appointed secretary general of NATO considers the restoration of this confidence among the Americans as his most important task.

That sometimes very unreasonable motives and elements have played a role in this weakening and still do nobody knows better than the writer of these lines; but the fact remains that precisely the Europeans, including the Dutch, should be the last to squander this capital in confidence in any way, especially at a time when objective changes are becoming visible in American foreign policy.

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\* In the fifties the weekly ELSEVIER included a column on the negotiations of a Dutch village municipal council, which touched every way small people could be small.

It is to be feared that the Dutch decision will turn out to have made a dent in the confidence in the Netherlands, not only among the Americans but also among the most important European allies. Neither the Atlantic nor the European task is served by this decision, which is undoubtedly skillful but in the last analysis reveals a questionable lack of character.

8463

CSO: 3614/25

## DEFENSE COMMITTEE MEMBER DEFECTS FROM PROGRESSIVES TO SCHLUTER

Copenhagen BERLINGSKE TIDENDE in Danish 8 Nov 84 p 10

[Article by Solveig Rodsgaard: "Arentoft Goes from Progressives to Conservatives--Progress Party Back to Four Seats"]

[Text] Parliament member John Arentoft has left the Progress Party and is now the 43rd member of the Conservative Party in Parliament. John Arentoft's dissatisfaction with the Progress Party had been increasing during recent months and at the end of last week he applied for membership in the Conservative Party. A meeting by the Conservatives resulted in approval of this yesterday.

This reduces the parliamentary representation of the Progress Party to four--a loss of two since the election in January. Ole Maisted and the National Chairman of the Party V.A. Jakobsen left the party in March and formed the Free Democratic Party. John Arentoft came to Parliament in 1973 together with 27 other members of the Progress Party but did not wish to form a new party nor become an independent.

As a new Conservative member, John Arentoft has boosted the government's seats to 79 in addition to Ole Maisted, who has stated that he never wants to take part in overthrowing the government.

The chairman of the Progress Party's group--who is also the chairman of the party--Helge Dohrmann, states that it is very regrettable that John Arentoft betrays the voters who voted for the Progress Party, "only because he thinks that his chances for attaining a well-paid position as Commissioner for the Home Guard will increase through that. "Helge Dohrmann is also critical of the fact that the Conservative Party's news service was informed about the changeover before the Progress Party.

Moreover, Helge Dohrmann feels that the Progress Party's parliamentary group now, exclusively, consists of idealist "who slowly--but surely--are determined to regain their losses so that the Progress Party once again will become a great party--not only in the opinion polls. "The four who now are back in the parliamentary group--in addition to Helge Dohrmann--are Kristen Poulsgaard, Ove Jensen and Pia Kjarsgaard.

## I Did Not Make A Deal

When the Progress Party began its group meeting yesterday at the office of John Arentoft, the secretary of the faction, its Chairman Helge Dohrmann was given a letter by the secretary with the information that the latter was leaving the party to join the Conservative's parliamentary group. That was the way Helge Dohrmann received confirmation for what he--just a few minutes earlier--had told journalists at Christiansborg was "a hoax."

But the "hoax" was true. The Conservative's group meeting--which began at 11:30--gave approval to John Arentoft's application for membership and that--in turn--resulted in the Conservative Press Service being able to release the information 15 minutes before the Progress Party's group meeting issued it over Ritzau.

"I participated in the group meeting at my office. I consider this to be like a divorce. We have lived together for a number of years and found that it does not work--and so one has to try to separate in a nice way. I also have a number of matters I will have to settle as the secretary of the group up to this point. Were there any harsh words? Well...no. But they were surprised--maybe."

John Arentoft is 61 years old and has been a member of the Progress Party since its entry into parliament in 1973. But it is no secret that he lately has been increasingly dissatisfied with the party. "The decision and considerations were connected to the Civil Defense agreement and had some connection to the position as Commissioner of the Home Guard which I applied for. All these things propelled me towards making a decision. Last week I sent an application to the Conservatives' parliamentary group which was decided upon at the group meeting today--Wednesday--and later on today I have been asked to come to another group meeting. I have always said that I do not want to be an independent, so I am very happy about joining the Conservatives and to be accepted at a moment's notice.

"Now quite a few things will fall into place and I do not know anything about the committees I am on right now. I am a member of the Defense Committee and of the Committee for Procedural Rules as well as a deputy on other committees."

John Arentoft totally rejects any talk about a "deal" with the Conservatives in connection with his application to the position for Commissioner of the Home Guard. That is what Helge Dohrmann has hinted broadly.

"There is absolutely nothing to that kind of talk. The question concerning my application has not been mentioned. There can be no talk about any kind of a deal in any area whatever."

What about the future of the Progress Party? "They are happy about the rise in the opinion polls. But the future will depend on how the ones that remain will proceed. To me it seems that the program of the Progress Party and that of the Conservative Party are so close that it was easy to go there. Now I have tried--for 11 years--to strike the right note in the Progress Party--whether or not that will occur when I am not there pushing in that direction is hard to know,"

9349

CSO: 3613/40



FOREIGN MINISTER BACKS THREE FOREIGN AID PROJECTS

Copenhagen BERLINGSKE TIDENDE in Danish 20 Nov 84 p 6

[Text] Foreign Minister Uffe Ellemann-Jensen wants to support three foreign aid projects with a total of 66 million kroner.

The foreign minister has asked the Finance Committee for approval to buy 12,500 tons of fertilizer for Kenya. During the last 10 years the country has come close to supporting itself. But the drought in Africa and the economic crisis has struck the country so hard that the harvest was only about half of its normal size.

Through the UN Children's Fund, UNICEF, the government also wants to support a special program to fight infant mortality in developing countries at a cost of 15 million kroner. The UNICEF-program will promote nursing (instead of substitutes for mother's milk), vaccination and prevention of diarrhea.

Finally, the government wants to support a fertilizer project in Sudan with 21 million kroner.

9349

CSO: 3613/40

## US POLICY VIEWED: FACTS, COMMENTS, PREDICTIONS

## Stearns-Papandreou Personal Relationship

Athens 1 MESIMVRINI in Greek 15 Nov 84 pp 6-7

/Article by Alex. Velios: "Stearns Lost Because He Gambled All with Papandreou"7

/Text/ This was the third period Monty Stearns served in Greece and it was the most unlucky. The American ambassador of the Change these days is packing his suitcases, after being forced by reality to indulge in self-criticism. Washington blames Stearns that in his 3 years of cohabitation with the Papandreou regime he lost respect and love for the US in our country. He is probably the first American ambassador to leave Athens so ingloriously.

Stearns himself fully understood for the past few months that he gambled and lost. He had put all his money on Andreas Papandreou. He counted on their personal relationship. He chose to overlook the rhetoric of the "first Greek socialist premier." A realist, like all career diplomats, he based his policy on the assurances given by the premier in their private talks.

Until recently his recommendations to Washington were variations on the same theme: Don't pay attention to what Andreas says--see what he does. Stearns indeed won a major victory with the signing of the bases agreements--a victory, however, which turned out to be pyrrhic under the shadow of Papandreou's consistent anti-Americanism.

For the past few months, the relationship of Papandreou and Stearns has become inactive. Stearns will leave Greece by the end of the year or shortly thereafter with a particularly bitter disappointment--a bitterness directed personally against the Greek premier. His belated conviction--as expressed in his recent reports to Washington--is that deep down Andreas Papandreou does not desire, for ideological or psychological reasons, the existence of normal relations with the US. This assessment is at the same time a self-confession and denunciation.

## PASOK's Profit and Loss Sheet

In reality, of course, Stearns' mistake is not that he initially bought the Papandreou "stock"--but that he did not have the good sense to unload the

stock before it was too late. When he came to Greece in 1981--"dear Monty"--he faithfully reflected the American viewpoint: he saw in Andreas a modern politician (the only truly modern) by Greek standards and also by the American standards, who was going to lead the Greek people by applying a modern methodology which no doubt was in line with the socioeconomic conditions of today's Greek society.

This politician, tomorrow's premier, had adopted--in the eyes of Washington--a leftist sloganeering for reasons purely of political marketing. The USA expected that, in any event, the rise of the PASOK phenomenon to become the government would dissipate the power of the Left in Greece, would demythologize the mythology of the Left, and would decompose its fighting tradition while at the same time solidify as a choice of all the people the standard foreign policy orientation of this country. This did happen, up to a point, willingly or accidentally--with the visible top of the iceberg being the agreement on the bases, which the Americans had avoided signing under the previous government of G. Rallis.

Nevertheless, whatever positive effects for the US and the West in general resulted from the Papandreou policy, they were soon overshadowed by the deeper negative consequences caused by the character of this policy. This is what Stearns was late in realizing. He understood much too late that beyond the early gains, the nature of the PASOK power resulted in deeper and, indeed, long-range losses:

--At the grassroots popular level, the /PASOK/ daily practice implants non-Western and even anti-Western political models in the subconscious of Greek society.

--At the state level /PASOK/ brought about the leftist change of certain structures and functions of the Greek state.

--At the ideological level /PASOK/ has made in effect the anti-Western rhetoric the official ideology of the Greek state and people.

--Moreover, the political degradation and economic decline brought about by the "complex-ridden" mentality and the incompetence of the Change's leading personalities, pile up continuing explosive social and economic problems. The effect of these problems on the country's strategic reliability (if not directly on its foreign orientations) cannot be assessed, neither can they be fully controlled.

#### A Change in Style and Policy

Seeing from across the Atlantic, one can say that after a certain point the words of the first Greek socialist premier started to overshadow his actions --as the substance of his policy became consistently and increasingly more anti-Western. Papandreou's stock remained unsold in Stearns' hands: The political/diplomatic bankruptcies resemble those of the stock market...The

view to have an American representation with "a more understandable style" for our home-grown socialists completely gained the upper hand in Washington. It proved to be quite successful with Undersecretary R. Burt as its main spokesman in his frequent contacts and statements.

A change in style--a change in policy: Whoever the new American ambassador may be in Athens, it is certain he will abhor "the contacts with a glove." The question is whether this confrontation of the renewed American interest in the PASOK regime will take catalytic dimensions during the election year of 1985 in Greece. It is possible. The inglorious demise of the Papandreou-Stearns idyll in this case will signify the end of an era in Greek-American relations...

#### State Department Versus Politicians

Athens TO VIMA in Greek 18 Nov 84 p 3

/Article by Kh. K. Bousbourelis: "What Are the Intentions of the Current US Administration Toward Greece?"

/Excerpts

##### Coolness

First, an assessment: The Greek-American relations at the governmental level are quite cold. One has the impression that the officials of the State Department have virtually embraced all arguments carried over to them by opposition leaders who so often come to Washington by invitation or on their own.

##### Conservatism

The wave of conservatism, which started to swell in 1980 in the US, and which did not give any sign of blowing over during this year's election--on the contrary, it seemed to attract the young so much they spearheaded Reagan's victorious march--is most conducive, of course, to such assessments. Especially when the recipients of these arguments are not career diplomats but Reagan's political friends placed in key positions within the State Department.

The diplomats, with more experience and less ideological prejudice, that the political appointees in the State Department realize that the anti-Americanism which appears to have been instituted in the consciousness of the majority of Greeks is not a manufactured or promoted phenomenon, but after all, something temporary.

They see its real reasons and show the necessary coolheadedness to deal with and hold back the "ideologues" who would probably write off Greece from the roster of countries with which Washington can have fruitful relations. If

the first group recommends a policy of benign neglect toward Greece until the strong anti-American explosions die down, the ideologues would prefer an equally strong and direct expression of the American displeasure.

Thus, if there is any change in the policy of the new Reagan administration toward Greece, it will be a change in style rather than substance. Such a change will probably be dictated by the demands of a more conservative style which is likely to be adopted during Reagan's second term with regard to the peripheral allies in the "grey" areas away from Central Europe. This will be unrelated--and not a precondition--to the beginning of a process aiming at some agreement with the Soviet Union when Moscow is ready for something like this after the interregnum of Chernenko--at least the way the Americans expect.

### Congress

The Reagan administration is one thing, Congress is another. The balance in Congress does not seem to have changed despite the loss of two philhellenes, Sen. Charles Percy of Illinois and Congressman Long who were not re-elected.

President Reagan did not achieve in the legislative bodies the conservative majority he needs for unrestrained conservatism. It is in Congress where the Greek views on the national issues, not on the domestic issues, allow an effective defense against the particularly friendly policies of the Executive towards Turkey.

It would, of course, be inexcusable exaggeration to say that the policy of the American government is anti-Greek, even viewed from Athens. The American government apparently wants only to strengthen Turkey without interference, as it sees Turkey as the Western outpost not only toward the Soviet Union but mainly toward Islam under the fanatic form it took in Khomeini's Iran. (At this point, one might even venture to express the suspicion that Moscow, too, might have the same view. A fanatically Islamic Turkey will be a worse problem than a West-connected Turkey. More than 50 million Moslems live in Soviet Central Asia who have not been cut off from Islam.)

### A Superiority Complex

The strengthening of Turkey is one thing. The exclusive dependence on Turkey is another. The Americans, and especially the career diplomats, are fully aware of the risks involved for their freedom of action in a policy relying exclusively on Turkey for any bases or facilities currently stationed in Greece.

### A Different Style

If there is a change--which certainly will be inaugurated with the arrival of the successor to Ambassador Stearns whose term should be ending because it approaches 4 years--it will be a change in style. A change which more or

less will reflect the attitude of those who voted for Ronald Reagan. It is not only the upturn of the economy which led to his triumph. It is not only the way of conservatism which will survive even an economic recession which might help the Democrats in the 1986 congressional election. It is also the fact that the average American is tired of the constant charges of the Europeans that the US is the only bad guy in the world.

It is a somewhat willful reaction in the style of: "We are what we are; we are rich, we are powerful; we are going to look after our interests as we see fit since you are going to blame us anyway even in the international organizations where we pay the lion's share to keep them in business."

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## ELECTORAL LAW PROPOSALS VIEWED FROM DIFFERENT ANGLES

## Two-Phase System Proposed

Athens TO VIMA in Greek 20 Nov 84 p 1

/Article by Nikos Krikis/

/Text/ The new electoral law will feature a system of simple representation which will assure the presence of all political parties in the legislature (including those with electoral support of only a few percentage points) and at the same time secure government stability--by giving the party with the most votes (first party) the ability to form a government based on an autonomous majority in the legislature.

These two goals are achieved by a simple representation system which provides for:

- a) 200 of the 300 parliamentary seats will be distributed proportionately among all parties; and
- b) the remaining 100 seats will be distributed by giving 70 to the first party and 30 to the second.

The electoral law (according to a statement by the premier in his exclusive interview to TA NEA last Sunday) will be presented to the Chamber of Deputies next January. Many have expressed a variety of opinions on the electoral system that eventually will be adopted. However, the prevailing view is that the government favors a system which provides for the distribution of seats in two phases (200 and 100) in the manner described above.

Yesterday the Minister of Interior Menios Koutsogiorgas, who is in charge of electoral matters, declined to give details in talking to the press. He even said that the Ministry of Interior is studying and will submit to the premier two or three different types of electoral systems.

But the journalists were struck by two "explanations" given by Menios Koutsogiorgas. The first is that the electoral law will not include provisions excluding parties from the Chamber of Deputies with less than a minimum number of votes.

The second is that--according to the minister--the system will assure the representation of all political groups. At the same time it will secure the formation of stable governments.

The minister declined to give any "indications" about the actual provisions of the new electoral law, but the only solution which seems to be preferred by the government is--according to information received by TO VIMA--to distribute the parliamentary seats in two phases (200 and 100).

How is an Autonomous Cabinet Formed?

If the electoral system for the next election provides for a two-phase distribution of seats we would have the following composition in the legislature on the basis of the electoral results of the 1981 parliamentary election:

a) PASOK would receive 48 percent of the 200 seats (i.e., approximately 96) and 70 of the remaining 100, being the first party. It would have 166 instead of the present 172 or 6 seats less; and

b) the ND would receive 36 percent of the 200 seats (i.e., approximately 72) and 30 of the remaining 100. It would have a total of 102 instead of the 115 it received under the reinforced proportional system.

The remaining 32 seats would be distributed to the other parties as follows:

a) KKE would receive 22 seats instead of 13;

b) KKE-Int. would receive at least three seats; and

c) the rest would be claimed by the Party of Democratic Socialism /KODISO/, the Democratic Center Union, the Progressive Party, etc. (although the exact calculation is very difficult).

On the basis of the 1984 results for the Euroelection:

a) PASOK would form an autonomous government. It would receive 41.5 percent of the 200 seats (i.e., approximately 83) and 70 of the remaining 100. Total 153;

b) ND would receive 38 percent of the 200 seats (i.e., 76) plus 30 of the remaining 100. A total of 106;

c) KKE would receive 11.5 percent of the 100 (i.e., 23 seats); and

d) KKE-Int. would receive 3.4 percent of the 200 seats (i.e., approximately 7).

The remaining seats would be distributed among the smaller parties.



These calculations do not take into account the 12 deputies at large because it is not known whether they will be subtracted from the 200 of the first phase or the 100 of the second (which is more fitting under present conditions since the 12 seats are currently distributed to the parties which take part in the second distribution).

### Simple Proportional Seen Impossible

Athens KYRIAKATIKI ELEVHEROTYPIA 18 Nov 84 p 48

/Text/ KKE, KKE-Int. and the small parties call for adoption of the "pure and unadulterated simple proportional representation," expecting to be represented in the legislature. The government replies by speaking about "a system of simple representation," stating clearly that it is preparing an electoral law which will allow the representation of the "small parties" but at the same time creating a strong government. In other words, the new system will be a form of reinforced proportional.

The clash between the government and the parties which want the simple representation is coming and will be undoubtedly fierce. It will be fierce because for many years simple representation was identified with "progressive" ideas, while the reinforced was "reactionary". A few years ago PASOK, too, supported this argument. This view is theoretically correct. The simple representation is indeed the most fair system. It is the only electoral system which accurately reflects the will of the electorate, but what does it mean in practice, especially in Greece today?

Let us suppose then that the simple proportional was adopted. Under this system it is certain in advance that no party would win an autonomous absolute majority. What climate would prevail during the electoral campaign?

The ND would denounce in advance the creation of a "popular front" between PASOK and KKE, saying that immediately after the election Greece would "slide behind the Iron Curtain." PASOK on its part would accuse the ND of trying to form a government with the support of juntists and other remnants of the dictatorship--and all this under the system of proportional representation which presumably prevents any polarization.

The issue is not exhausted with the form the electoral contest will take. Let us see the composition of the Chamber of Deputies under the simple proportional system and on the basis of the results of the 1984 Euroelections: PASOK would win 125 seats, ND 115, KKE 36, KKE-Int. 11, the National Political Union 8, KODISO 3, Christian Democracy 1 and the Liberal Party 1.

On this basis there could be two possibilities for forming a government: a coalition government of PASOK and ND or a coalition government of PASOK and KKE.

In either case a major political crisis would be inevitable. In the first case, because it is impossible for Papandreou's PASOK and Mitsotakis' ND to

coexist within one cabinet and to agree on even a minimum program. In the second case--in a PASOK-KKE coalition government--a period of political unrest would begin. Not only because the Right with all its domestic mechanisms would unleash an unprecedented assault, but also because from the onset a PASOK-KKE coalition government would face a fierce war of attrition and continuous undermining by the entire Western system (NSA, NATO, EEC) to which Greece belongs. No Greek government would be able to withstand such a combined attack in and out of the country.

The simple proportional is indeed the best and most fair electoral system. But unfortunately it cannot be applied in Greece today because it will not only intensify the polarization but also lead to dangerous developments. It cannot be applied because in reality three parties dominate the political stage and this will not change by the simple proportional. There is no way for these three parties to work together.

It cannot be applied because in contrast to other European countries, Greece does not have an autonomous and capable civil service which continues to operate effectively regardless of political crises, without allowing the paralysis of the state.

It cannot be applied because the international political environment in which Greece functions today does not allow for political changes such as those dictated by the composition of the Chamber of Deputies selected by the simple proportional system.

We must take into account all these points as we discuss the electoral law no matter how unpleasant these points may be and no matter how far from current "progressive" theories they may be.

The simple proportional is indeed the best and most fair electoral system. But it requires a political life and level different from that prevailing in Greece. It requires political tranquility which is unknown in our country; it requires procedures of cooperation and compromise, which do not exist; it requires preparation of the ground--a preparation which was never done, not even by those who today call for the adoption of the simple proportional system.

#### PASOK's Dangerous Logic

Athens I KATHIMERINI 22 Nov 84 p 5

/Text/ The standard charge against the Right by the "progressive" parties, with regard to the electoral laws, was that those laws were not inspired by a concern for protecting democracy but rather to serve partisan interests. The accusers add that if this were not true /the Right/ would have introduced the simple proportional as the permanent system instead of manufacturing those mixed-up systems.

This simple, unadulterated proportional system--the progressive parties which fight for it insist--will prevent forever the Right from coming back to power. It will make possible the continuing march for Change with all the progressive forces moving together!

It is clear that the progressive parties with the two communist parties at the forefront do not want the simple proportional system in order to preserve in the best possible way the democratic, parliamentary normalcy. They want it in order to put permanently aside, away from power, the camp which could win more than 50 percent of the votes! It is impossible to find a worse "advocacy" in favor of the simple proportional than this open confession of the real reason by those who inspire the progressive parties in their electoral preference.

In order to remove any doubt that only partisan interests lead the two communist parties in their quest for the simple proportional, it is added that the dogmatic KKE agrees to have a--let's say--3 percent limit needed by a party to take part in the second distribution of seats; thereby excluding KKE-Int. which, in the opinion of the dogmatic KKE, cannot reach that percentage.

Starting with this confessed expediency of the two communist parties in favor of the simple proportional, PASOK, too, invokes its own partisan logic, in support of a "system of simple proportional" which will satisfy both communist parties with regard to the "suppression" of the Right and will also secure for PASOK parliamentary autonomy. Let the two communist parties denounce to the progressive Greek people the trampling of the principles of...democracy and parliamentarism by PASOK! One does not talk about rope in the house of the hanged man!

PASOK understandably does not want the simple proportional; not because it disagrees with the two communist parties on the unity of the progressive forces so that the Change can move forward; but because under such a system it will be impossible to form a coalition government, even if PASOK and the two communist parties receive the same percentage of votes they received in the Euroelections.

Few of the PASOK deputies who will be elected will agree to support a coalition government with the communist parties--a government based on the communist parties. No 40 percent of the electorate will be prepared to give such a mandate!

But the coveted governmental autonomy of PASOK is not secured even with the system of the orthopedic apparatus either. The proportional distribution of the 200 seats cannot give PASOK more than 80 seats, if it keeps the percentage of 40 percent of the votes. Even with the addition of 70 of the remaining 100 --that is, the function of the orthopedic apparatus, we have a total of 150 seats.

Again the stability of the government will depend on the two communist parties. Again the tendencies away from communism will appear within PASOK.

For PASOK, there is only one possibility: to extort the largest possible percentage of votes! Not only to prevent the ND from gaining a plurality but also in order to gain more than 150 seats. How to extort this percentage? This is the objective of all its antidemocratic and autocratic actions. All the immediate dangers to the functioning of the constitutional system emanate from this. Therefore, the problem is no longer a choice between a simple, a reinforced, or an involved form of proportional. The problem is PASOK's dangerous logic!

#### Karamanlis' Reported Position

Athens I MESIMVRINI 19 Nov 84 pp 6-7

/Article by Alex Velios/

/Excerpts/ A war of the trenches is carried out behind the scenes without unnecessary participants and with only two leading men of our political development: President of the Republic K. Karamanlis and Premier A. Papandreou. Between them there is no room for anyone else (for the past 10 years).

The relations of the two men, relations of delicate equilibrium which did not rule out occasional friendly appearances, are going through an extremely critical turning point. The atmosphere has become heavy around the critical moment of the presidential election in April. It appears that in last week's meeting K. Karamanlis was more outspoken than ever.

He warned Papandreou that he is not going to sign any electoral law which will not be "clean", that is, not one cut to fit PASOK. Bring it to me, he said in effect, and I will sign any system which will be in line with what prevails in the democratic countries--majority reinforced proportional, even simple proportional, but not any concoction from the electoral kitchen of Menios Koutsogiorgas, designed to give a plurality to PASOK even if it did come second (as happened in 1956).

#### The Limits of the President

In spite of appearances and the wishes of certain circles, all this does not signify a rift at the top. The president, simply in his role as the guarantor of the constitution, refuses to give Papandreou any possibility of perpetrating his stay in power through an electoral system which will falsify the popular will in its support to the political parties.

But he leaves every other possibility open--as long as it is clean; including the simple proportional which Karamanlis never liked. In this way he literally pushes Papandreou to the wall since he gives him the opportunity to implement

a cardinal electoral promise which, however, the premier will be afraid to fulfill!

In fact, Papandreou fears today above all the electoral system he favored on his way to power. He knows that the simple majority would mean the break up of PASOK, a party made up of a variety of groups. Already the political decline suffered by G. Mavros and M. Glezos applies today to all those, renown or not, who have found in PASOK a political home for the sake of survival and who are increasingly alienated by the government's policies and the practices of the Movement.

Neither is it an accident that there are clear indications that in a possible rift between the president and the premier over the electoral law, Karamanlis will have the support not only of the progressive forces which today are active between ND and PASOK but also of prominent government officials.

For all these reasons--and in the wider context of the correlation of powers between the president and the premier--it is virtually certain that there will be a clash: the will of Karamanlis is currently a deterrent force Papandreou has no way to outmaneuver at this moment.

#### Institutions, Not Persons

Still, the fact is that around the electoral law we do not have a clash in terms of principle or ideology between the two men. It is a closed game of power between the two highest factors of our political life, although in this specific case we have on one side a man who represents an institution (the Presidency) and a man who represents a party (PASOK).

The problem is made abundantly clear by the fact that a gesture--a speech--by the president of the Republic can lead the government to question the constitutional propriety of his intervention. Also by the fact that the president's reply to this was a hint to call the electorate to decide on the interpretation of the constitution.

This diptych outlines the Greek political problem: namely, the absence of conditions, institutions of general acceptance, which will define irrevocably the parameters within which the personal initiatives of any political leaders can take place, without the constant threat of political crises, upheavals, and controversies.

Thus, in this case, the problem is not who will impose his will on the issue of the electoral law. The problem, or rather the desideratum is to institute permanently an electoral system of as wide an acceptance as possible, as is the case in most democratic countries. Otherwise, similar phenomena will appear time and again in our political affairs--placing a barrier to our country's political and social development.

Let us consider this: the more narrow (the more watertight) are the limits within which the game of power is played, the greater the possibilities for the overthrow of the constitutional institutions. How much of a "given" is democracy in Greece?

## TURKISH OFFICIAL VISITS ATHENS FOR COOPERATION TALKS

Athens I KATHIMERINI in Greek 25 Oct 84 p 1

[Excerpts] It appears that the government is putting into operation the Greek-Turkish resolution adopted 2 years ago to promote bilateral dialog in areas which are politically "painless," such as cooperation in the tourist sector, in communications, transportation, etc. This decision, which had flagged after the declaration of the pseudo-state of Denktas, came into the limelight again 3 months ago under the guise of corresponding proposals of the Turkish premier. Without making it known--officially, at least--the activation of the first resolution, the presence in Athens of Turkish deputy minister of Transportation, Mr. Isikoglu, and his talks with the minister of Communications, Mr. I. Papadonikolakis was suddenly announced yesterday.

The subject of the meeting was the development of cooperation between the two countries. At the same time, however, the Turkish deputy minister brought, as mentioned in the announcement regarding the matter, "the good will of his government for the development of cooperation between the two countries, especially in the transportation sector."

More specifically, the Ministry of Communications made the following announcement on the Papadonikolakis-Isikoglu meeting:

"Matters regarding the development of cooperation between Greece and Turkey in the sector of commercial and road transportation were discussed by Minister of Communications Giannis Papadonikolakis with Turkish Alternate Minister of Transportation Nouames Isikoglu, who visited him in his office.

The development of commercial relations of the two countries--on a private level--was the object of a meeting which took place a few days ago between the president of EVEA [Chamber of Commerce and Industry of Athens], Mr. Laz. Efraimoglou, and the president of the Chambers of Commerce Association of Turkey, Mr. Giasar.

During this meeting, according to a report by TZOUMHOURIET, the two sides agreed on the following five points for the development of Greek-Turkish trade relations:

Next month there will be an exchange of 8-10 reporters, by mutual invitation, for commercial circles to get to know each other through the press.

Next March or April, Greek businessmen will be invited to Turkey to revitalize the trade relations that have been frozen since 1978.

In the summer of 1985 a tourism meeting will be organized with the participation of experts and businessmen connected with it.

Towards the end of 1985 a meeting of Greek and Turkish businessmen will be organized in a broader context.

Mr. Kharalambopoulos

The minister of Foreign Relations, Mr. Giannis Kharalambopoulos, made the following statement: "The meeting which took place in Athens purely on a service level for commercial and road transportation by a joint Greek-Turkish delegation is totally unrelated to the decision of the Greek government to sever any dialog with Turkey after the declaration of the founding of the pseudo-state of Denktas. As is known, the dialog that had begun on economic and tourist matters has been severed ever since."

9731

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POLITICAL

GREECE

FRENCH POLITICIAN ATTEMPTS TO VISIT GREECE

Athens I KATHIMERINI in Greek 25 Oct 84 p 3

[Text] After the decision of the Greek government to deny the leader of the extreme Right group of the European Parliament, French deputy Lepin, entry into the country, the political group of the "European Right" (far-rightists) proceeded in a challenge disguised behind the existing practice that allows the groups of the Parliament to meet in member countries. According to unimpeachable sources, the political group of the "European Right" is going to meet in Athens from 3 to 5 December. Thus, Lepin believes that he will again create publicity about the group and will overcome the problem of the denial of entry to our country in view of his belief that the government will find it very difficult to present obstacles to the desire of a political group of the Europarlament to meet in Athens.

In the meantime, Lepin tried a second time to bring before the European Parliament the matter of the refusal of the Greek government to allow him to enter Greece, but even this attempt was unsuccessful because at yesterday's meeting of the Speaker of the Parliament with the leaders of the political groups, it was decided not to have such a debate during a plenary session of the body and to reject the protest of the French far-rightist.

As is known, the Greek government denied, for the time being, entry into our country to the leader of the far-Right group of the Europarlament, Lepin, because it considered him an undesirable person after the statements he made about wishing to come to Greece to visit the main person responsible for the coup, who is imprisoned at Korydallos.

9731

CSO: 3521/43



PAPANDREOU'S ENTOURAGE: 'AMERICANS,' 'GERMANS'

Athens I KATHIMERINI in Greek 21-22 Oct 84 p 16

[Text] There was and still is much talk about the "old boy network" and the collisions they caused at the summit of the administration. The interest is concentrated on the fluctuations that show up in the confrontation within the government of the two groups, the so-called "Americans" and "Germans."

Included among the former are those who gravitate around the premier's wife, Margaret, and followed the minister of National Economy, Mr. Ger. Arsenis in the "episodes" of last week. To the latter belong those who lined up with the minister to the premier, Mr. Akis Tsokhatzopoulos, with most members of PASOK's Executive Bureau, with the exception of the old parliamentary figures, the Speaker of the Chamber of Deputies, Mr. I. Alevras, and the minister of Foreign Affairs, Mr. I. Kharalambopoulos.

The discussions have gone beyond the stage of acute worry and gossip is more prevalent. As a matter of fact, a veteran deputy who has loudly expressed his dissent many times, said, characteristically, "They remind me of the old proverb about the "two jackasses fighting in someone else's barn."

Others remembered the past history of the "Americans" and "Germans" in the pre-dictatorship struggles of the country. A deputy, who at the time was a top leader in EDIN [Greek Democratic Youth], in referring to the subject day before yesterday said,

"Most of them were unknown in those days either in the Center Union or the EDA [United Democratic Left]."

Somebody else undertook to recount the situation of the two star actors. Mr. Arsenis had undertaken along with some others to represent "Democratic Defense" in New York during the dictatorship. With this identification, he became known to the other anti-coupists. Later, during the early 1970's, when "Defense" had declined as an anti-coupist organization, Mr. Arsenis reestablished contacts with PAK [Panhellenic Liberation Movement] and the Papandreou family. As a matter of fact, in New York he was one of the staunch friends of PAK, collecting money for this organization from Greek-Americans and Americans.

After the restoration of democracy he officially went over to PASOK along with

"Defense." In the beginning, his contacts were through "Defense" men who had leadership positions in PASOK. After the "Defense" cadres left, Mr. Arsenis remained in PASOK and kept his close ties with the premier's family.

Mr. Tsokhatzopoulos studied in Munich during the middle 1950's. Towards the end of the 1960's he met Mr. Papandreou as a member of the PAK in Germany. Gradually he rose in the PAK hierarchy because, in every confrontation of Mr. Papandreou with the old members of the Center Union and the other organizations, he took his leader's side. Since then he remained by the premier and is the only one who remains in the Executive Bureau since the founding of PASOK and despite the many expulsions and "resignations."

9731

CSO: 3521/43

POLITICAL

GREECE

ALLEGED KYP DOCUMENT TERMED FALSE

Athens TA NEA in Greek 11 Oct 84 p 9

[Text] Yesterday an afternoon newspaper published a copy of a document which was attributed to KYP [Central Intelligence Service]. In it there were entered 10 names that are mentioned as paid informers of that service.

The spokesman for the government, Mr. Maroudas, characterized the published document as a forgery.

The following is mentioned in his statement:

"After an investigation conducted by the chief of KYP, Mr. G. Politis, it was ascertained: 1. That no such document exists. 2. In the alleged document that was published and where the signature is the title "Branch Chief" is mentioned, a title that was abolished by the ND governments immediately after the dictatorship. The title of "Branch Chief" was replaced in the KYP by the title "Directorate Director." 3. The KYP does not use the seal found on the document. 4. The individual reported as Branch Chief, Brigadier General Aerakis is a person who does not exist in KYP.

"All this demonstrates that the document is forged and was leaked to the newspaper for unknown reasons. On this occasion we would like to state once more that since October 1981, when the present government took over the administration, all the services of KYP are engaged exclusively in matters involving the nation's security.

9731

CSO: 3521/43

POLITICAL

GREECE

BRIEFS

TSOKHATZOPOULOS PROMOTION DELAYED--Mr Andreas Papandreou was forced to put on hold for 10 days the law for the promotion of Akis Tsokhatzopoulos which was passed with so much work and so many political damages. This, because a storm had been raised by those who suspected that they would be downgraded in order for Akis to find a jurisdiction. Lazaris, Arsenis, Koutsogiorgas et al set conditions for Mr Papandreou and warned him that in the event their jurisdictions were to be curtailed, they would immediately leave the government. After a series of personal contacts with his displeased and worried ministers, he proceeded to publish the law in the Government Gazette and with the swearing in of Mr Tsokhatzopoulos. However, there are many who foresee that the "Tsokhatzopoulos bomb" is slow-burning and neither PASOK nor its leader will escape its explosion. [Text] [Athens POLITIKA THEMATA in Greek 12-18 Oct 84 p 10] 9731

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## PAPER SPECULATES ON POSSIBLE CHANGES IN GOVERNMENT

Reykjavik MORGUNBLADID in Icelandic 8 Nov 84 p 32

[Editorial: "Changes in the Government?"]

[Text] It is obvious and clear that the agreements on living standards, which have now been drawn up with reference to a majority of our salaried workers, will lead to increased inflation, and to new problems in our business and economic sectors. The government is on the brink of making some difficult decisions.

It is understandable that the leaders of the Independence Party and the Progressive Party are considering the position of the government in light of these events. In 1977, these two parties were working together in the government, and agreements on living standards were made then which led to increased inflation. That government's efforts failed, when it tried to get a handle on our economy again after those standard of living agreements were made, and both parties experienced the greatest loss of following in their respective histories, in the parliamentary elections of 1978. With this experience in mind, it should surprise no one that negotiations are underway inside the government and its parties, concerning possible changes, involving the participation of other parties or changes in the makeup of the ministers' positions. These are all normal, natural components of our political scene. In similar natural fashion, it was justifiable for the leaders of the Independence Party to reject ideas of putting together a government which would include the participation of the Social Democratic Party. That party does not have the resources of strength to draw on at this time which would be of any benefit to the current government. To be sure, there are certain influential people in the leadership of the labor movement who are still drawn from the ranks of the Social Democrats, and the situation will doubtless remain so for a while. But they do not exercise enough power in labor negotiations to be significant enough in working with the government and with the labor movement. In point of fact, it is obvious that the Social Democratic Party is fighting for its life these days, and there is a prominent rumor going around that the Social Democratic Party will never be anything but a shadow of its former self, dying out little by little. At the very least, there is very little energy left in the party, and that is

something to be worried about for all democratic-thinking people. This is why it would be senseless for the Independence Party and the Progressive Party to get the Social Democratic Party to join them in the government.

Here in Iceland we have never developed the political tradition of having our politicians hold ministerial offices for a relatively short time, working later within their parties or in the leadership of the party's MP's or party congress. Ministerial positions are still considered very desirable among our politicians, and are not easily given up, once won. This could have unfortunate results. The custom which is prevalent in (for example) Great Britain and Norway, that the political leaders think it a no less worthy or tolerable task to work within one's party, or in leadership positions in the national parliament, is interesting and creates a momentum in the political arena which we see all too little of here. This ought to be changed, but it cannot happen all at once. Everything takes its own good time. But it would be desirable to see things developing more along those lines.

The situation that we expect is as follows: it is seldom that changes occur in the makeup of the ministerial positions in a government, unless the ministers involved turn to other tasks of their own accord, or have to step down for health or other reasons. In the last quarter century, two men have retired from working in the government as a result of age, two because they wished to pursue other work, and one because of disagreements with the prime minister. In all other cases, the governments have remained unchanged from the day of their formation up to the day that they stepped down from power.

When we examine these traditional procedures, it should surprise no one that it will not be easy to change government members here as it is in Great Britain or Norway. We do not mean to say that we should not be thinking of adopting new customs in this regard. But the best situation would be to have it happen without controversy or strife. Otherwise, it would cause more problems than it would solve.

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## LEFTIST PARTY WOULD USE LABOR DISPUTE TO START REVOLUTION

Reykjavik MORGUNBLADID in Icelandic 6 Nov 84 p 9

[Commentary by 'Staksteinar']

[Text] The People's Alliance Heads for the Lunatic Fringe

The Legion of Revolutionary Communists held its thirty-sixth congress last summer. Decisions were made on three points:

- 1) To change the name of the group into the "League of Militant Socialists";
- 2) To bring the league in its entirety into the People's Alliance;
- 3) To have the league begin actual infiltration of the labor unions, with special attention given to the "Daybreak" Labor Union.

Petur Tyrfingsson was chosen chairman of the central committee of the "militant league." Not too long ago, he received the most votes in the party council election for the People's Alliance of Reykjavik. Today's Staksteinar tells you a little something about the flight of the People's Alliance out to the farthest fringes of leftist extremism--taking the sensible ideas it did have, and tossing them overboard on the way.

### Extremists on the Rise

Ever since Svavar Gestsson was elected the chairman of the People's Alliance, that party has moved further and further out on the left wing in Icelandic politics. It tells us something about this tendency that the "Legion," an organization of revolutionary communists, decided amongst themselves last summer to all join up with the People's Alliance.

Petur Tyrfingsson, the chairman of the Legion of Revolutionary Communists (which is now called the League of Militant Socialists), recently received the most votes in a party council election of the People's Alliance, for the People's Alliance of Reykjavik. You can forget about the more sensible people in their tanks. When they elected a new editor for THJODVILJINN last summer, they preferred Ossur Skarphedinsson, a rabid Marxist, over those who have shown more sensible attitudes in their opinions and writings.

In NEISTI ["The Spark"], the newsletter of this new group in the People's Alliance, they have written the following, among other things: "The goal of the League of Militant Socialists is to build up a militant workers' force which can gain control over the labor union system and over the general class of working people, to work towards a socialist re-shaping of our Icelandic society... The League of Militant Socialists will work towards building this force among working people and in the labor unions. The work of the League inside of the People's Alliance will also serve this end. --The League of Militant Socialists is opposed to allowing the bourgeois workers' parties, the People's Alliance and the Social Democratic Party, to cooperate with the forces of capitalism within our government..."

In a declaration from the "Legion's" thirty-sixth congress, held last summer, when the Legion changed its name to the League of Militant Socialists, they said the following, among other things: "We have had to change our organization...into a league which aims for direct action inside the labor unions...Inside the labor unions, and inside the People's Alliance, that is where the opportunities currently are for getting us back on the road toward our goal of a militant working class."

#### Chairman of Icelandic Workers' League in Retreat

Arni Sverrisson, a member of the central committee of the League of Militant Socialists, has written an article in NEISTI explaining the factors contributing to the agenda agreement being voted down on 1 September.

"At the Daybreak meeting, the one where the agreement was voted down, they voted in proposals in which the members stated that it was impossible to achieve any noteworthy improvements without actual militant activity--which activity should start immediately. Since that time, Gudmundur J. Gudmundsson, chairman of the union, has repeatedly tried to play down the significance of these statements in newspaper articles, and actually they would never have come to the forefront, if the troublemakers in the union's headquarters had had their way. This attempt, and others made inside of 'Daybreak,' show that the prevailing conditions found in other unions and in the labor movement as a whole are also to be found in 'Daybreak'..."



The League of Militant Socialists has made the decision to interfere particularly with the "Daybreak" Labor Union. When the agenda agreements were made last February, the leadership of the union emphasized that the union meeting proposals from Gudmundur J. Gundmundsson, chairman of "Daybreak" and the Icelandic Workers' League, had been invalidated. The tone of the article by Arni Sverrisson regarding the chairman of "Daybreak" and the Icelandic Workers' League, which has been cited above, also tells its own story. The delays, which have occurred at the eleventh hour in the agendas for the Employers' Association of Iceland and the Icelandic Federation of Labor, may be the result of the retreat which the Legion members have enforced on Gudmundur and other labor leaders.

We can read between the lines in Sverrisson's article that salary opportunities for the working class are not the main issue, but rather an overthrow of our society, in which the goal is the takeover by extreme leftist forces. In order to achieve that goal, "we will have to turn the labor movement into a powerful force," Sverrisson says, "which will take societal development into its own hands, stripping those incompetents, who are currently being supported by the powers that be in industry, of all authority in the development and business of our nation, and taking the supervision of public matters, public health, and education, out of the hands of the bourgeoisie and its political representatives."

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## PEOPLE'S ALLIANCE CHIEF GESTSSON ON SDP LABOR STAND

Reykjavik MORGUNBLADID in Icelandic 16 Nov 84 p 9

[Commentary by 'Staksteinar']

[Text] The Questions That Tell Us Everything  
About Today's People's Alliance

Yesterday, THJODVILJINN printed an interview with Svavar Gestsson, chairman of the People's Alliance, as well as one three-column picture and four two-column ones! What is particularly worth noting is /what is being asked/ [capitalized]. The questions reflect current party infighting on both small- and large-scale levels. They are presented in such a way as to allow the chairman the opportunity to comment ahead of time on the conflicts that are expected to come up at the party council meeting which will be held over the weekend. Anyone who cares to examine the questions asked of the party chairman by the THJODVILJINN reporter will understand better, beforehand or after, the situation at Goddastadir.

## Revealing Questions

We print below some of the revealing questions asked by the THJODVILJINN reporter in that paper's recent interview with Party Chairman Svavar Gestsson, talking about the party council meeting:

"The People's Alliance--the biggest governmental opposition party--has not been doing very well in the opinion polls these days. Why?"

This question reflects the criticism of the ordinary party member relative to how minimal the crops have been in the People's Alliance's government-opposition grain fields.

"People are saying that the People's Alliance did not play a very prominent role in the strike of the Federation of State and Municipal Workers. Do you think, after the fact, that that was a mistake?"

This question includes a hidden criticism of the mistaken "support" given by the party to the Federation of State and Municipal Workers' strike. (We should not forget, however, that one of the members of the party's central committee is the general secretary of the Federation of State and Municipal Workers.)

"The struggle we are talking about (the labor movement) is also political, but many people think that the political leadership of the People's Alliance (names are named)...have been prisoners of the leaders of the labor movement."

This shows us that the political power that the People's Alliance originally intended to exercise within the Federation of State and Municipal Workers, and within the Icelandic Federation of Labor, has not been successful enough. This viewpoint must be particularly prevalent as well in the "Legion" and in other ultra-leftist organizations.

"Do you favor negotiation, an information campaign, or something of that sort on behalf of "Daybreak" and the Icelandic Federation of Labor in connection with the strike of the Federation of State and Municipal Workers?"

This question reveals the intention of the Legion and its cohorts to use party influence to force the Icelandic Federation of Labor out into a political strike.

"Many people complain about the written material coming out of the labor movement saying it reveals self-serving power blocs inside the movement, with little connection with the people. Do we have the same problem to deal with in the People's Alliance?"

Here we have the People's Alliance justifiably mentioned in the same breath as self-serving written material, power cliques, and the loss of connections with ordinary people. Criticism of this kind is probably widespread within the party.

"People's Alliance Deadly Dull!"

THJODVILJINN also asked the following revealing questions:

"We have been hearing more about personal disasters, and less about political solidarity. Is the involvement of the People's Alliance in the leadership of the labor movement less than what we have been told?"

Here we again find out about the distance between the party and regular people, between the party and the labor movement. When the party chairman answered, "The People's Alliance does not govern the labor movement," the reporter came right back and said, "Really?"

"New parties--the Fellowship for the Women's List and the Social Democratic Union--are said to be getting their following from the People's Alliance. Has the People's Alliance become disappointed in its following?"

This choice of words--"disappointed in its following"--are aimed at the governing members of the party, including those from 1978 to 1983, when salary increases were cut back fourteen times, the exchange rate fell steadily, the buying power of the krona was burned up in runaway inflation, etc.

"Many people have been finding the People's Alliance deadly dull these days. There do not seem to be any controversies regarding party leadership, but everyone knows there are great political differences of opinion under the surface, which have not yet come to light..." Here the party is labeled "deadly dull," and mention is made of intra-party political differences of opinion, which have not yet come to light for the average party member.

"Is the leadership too strong, or the central committee too large? Is there something secret going on?"

This question requires no commentary.

"Do you foresee arguments in the near future?" the reporter asked. "Over what?" the party chairman asked in return. "Agriculture, big industry, economic issues, democratic issues, labor unions?" answered the reporter, in a series of additional questions.

All of these questions--"many people are complaining about the written material"--"many people thought that the first few weeks the Althing was in session were terribly boring"--"has the People's Alliance been disappointed in its following?"--"many people are finding the People's Alliance deadly dull"--"many people are wondering why we are not using the free time available to work toward democratic goals"--"Are you prepared to put all your efforts into helping the People's Alliance get its act together in its role as opposition party?", etc, actually say everything that needs to be said about the tyrannical, narrow-minded cult of a party that the People's Alliance has shown itself to be. Nineteenth-century Marxists behaving like urban guerillas have nothing to offer the Icelandic common man. They are merely an anachronism among us.

## PEOPLE'S ALLIANCE DENOUNCES COALITION ECONOMIC POLICY

Reykjavik MORGUNBLADID in Icelandic 21 Nov 84 p 54

[Text] "The main result of our meeting involved the careful drafting of proposals as to how we might insure the staying power of the new negotiation settlements which the government has now decided to back out of, using the sleazy methods which were announced today. This is a stab in the back for salaried workers, the most shameful of its kind since the country started getting back on an even keel," said Svavar Gestsson, the chairman of the People's Alliance, in an interview with a reporter from MORGUNBLADID concerning the party council meeting that was held in Reykjavik over the week-end.

He said that the meeting was characterized by vigor and high motivation, and that the discussions had all been very good and to the point. "There were statements drawn up making heavy accusations against changes in the life of the workers, and proposals drawn up for the next national congress of the People's Alliance, which will be held next year," Gestsson said. "What has happened is that our national income in Iceland is similar to what we see in our neighboring countries, but nonetheless, our salaries here are much lower. We intend to cut back the huge expenses involved in middlemen, which the people are paying for with their low salaries, and we want to see salaries here, and public services, being made comparable to what we see in our neighboring countries."

Gestsson said that there had been much discussion at the party council meeting regarding the necessity of a strong governing power which could re-shape the government with the support and trust of the Icelandic working class. "What we were talking about was a government opposed to the capitalist parties--the Progressive Party and the Independence Party--and their policies. We said that it is necessary that it be possible to form a government which does not include the participation of these parties. This has never been done in the history of the republic, but the time has now come to push these two parties out of Icelandic government" he said.

Concerning the central committee elections held at the party council meeting, and the fall of Gudmundur T. Jonsson, chairman of the National Alliance of Industrial Workers, Gestsson said that although the elections as such had proceeded without opposition, they had demonstrated a flaw in the "point system," the system used in the election of the party's central committee. The system favored the rights of minority groups within the party, and it is to be expected that these procedures will be a topic of discussion at the party's national congress next year. "These results do not say anything about the party council of the People's Alliance being opposed to Jonsson or his opinions. A great number of our party leaders in the People's Alliance continue to be from the labor movement, and all of the members of the central committee are people of average salaries," said Svavar Gestsson, chairman of the People's Alliance.

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## PEOPLE'S ALLIANCE SEEKS COOPERATION WITH LEFTISTS

Reykjavik MORGUNBLADID in Icelandic 21 Nov 84 p 54

[Text] "Our most urgent task in the next few months is to drum up support in every way possible for all groups who oppose the policies of this government," it says in the statement of the political agenda drawn up by the party council meeting of the People's Alliance, which was held in Reykjavik over the weekend. In connection with this, the statement says that the party must emphasize the following six main points:

--"1. The staying power of the new negotiation statements must be defended. We must stand in the way of cutbacks in public services, which support the equal rights of all, without regard to economic standing.

--"2. We must lay a foundation for a new, fairer division of income in Icelandic society. Funds should be brought from the big capitalists and their middlemen and put into development and salaries. We must aim for agreements on the labor market concerning equal salary policies and changes in the tax system such that the big firms and the capitalists shoulder a more justifiable share.

--"3. New progress in business affairs must be the cornerstone of our efforts. Wisdom, knowledge and experience, adapted to the Icelandic situation, should come to the forefront in the exportation of services, handicrafts, technical skills and fully manufactured products. New developments in high technology, fish breeding and many kinds of new industry will open up new opportunities for Icelanders. At the same time, we must support older lines of work, by means of legal exceptions and subsidies, so that they can deal with increasing competition on the export market.

--"4. We must take renewed, decisive action in the educational and cultural sectors, putting the greatest emphasis on equality, in the broadest sense of the word.

--"5. More democracy, and a pooling of resources against the government's decisions in all areas. Activities of the government, the rural authorities, corporations and labor unions must be changed with this in mind. We must insure that everyone who has been affected by the above-mentioned decisions has the opportunity to take part in fighting them.

--"6. Iceland must not become an arena for more war preparations. We must prevent the increased stockpiling of additional materiel here, equipment which plays a role in the arms race between the superpowers. We need to become effective ambassadors for disarmament, decrying the participation in the development of new weapon strategies. Iceland should place its weight on the scales in favor of halting the arms race and supporting every tendency towards disarmament. The voice of peace shall be heard from Iceland, in the international arena."

Later on, it says that the People's Alliance must put special effort into having "discussions concerning methods for achieving these common goals held in workplaces and in the meetings of labor organizations, such that each person has the opportunity to make his opinion heard.

"The People's Alliance will also seek discussions with the Social Democratic Party, the Social Democratic Union, the Fellowship for the Women's List, and other parties, groups, and individuals, inside and outside of the Althing, concerning the abovementioned issues, discussing them particularly with those who have been involved in the governing parties. These discussions will all be open to the public, and information will be openly released regarding their proceedings," it says in the statement of the political agenda drawn up by the party council of the People's Alliance for 1984.

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## SOCIAL DEMOCRATIC PARTY ELECTS JON BALDVIN HANNIBALSSON CHIEF

## Departing Chairman's Address

Reykjavik MORGUNBLADID in Icelandic 17 Nov 84 p 2

[Article: "Forty-Second Social Democratic Party Congress Opened Yesterday: 'SDP Has Encountered Setbacks Before and Always Rebounded,' said Chairman Kjartan Johannsson, Among Other Things, in His Speech"]

[Text] The 42nd Social Democratic Party [SDP] Congress opened in Gamla Bio yesterday. About 270 people have the right to attend the congress which will continue until Sunday. Asmundur Stefansson, chairman of the Althydusamband Islands (ASI) [Iceland Federation of Labor] was a special guest at the opening ceremonies and gave a speech. On behalf of foreign guests, Herluf Hjerte from the Norwegian Social Democratic Party addressed the congress. SDP Chairman Kjartan Johannsson gave a speech. Senior party members were honored and group singing was conducted under the leadership of Bjorn R. Einarsson and his band. The congress continued last night and today elections will be held for key positions in the party and as has been announced, Jon Baldvin Hannibalsson has declared himself a candidate against the current Party Chairman Kjartan Johannsson.

ASI Chairman Asmundur Stefansson traced the story of the labor movement somewhat and reminded that before 1940 ASI and the SDP had been one and the chairman of ASI had also been the chairman of the SDP. He said that nonetheless he did not want to complicate affairs of the congress any further by offering to reestablish that regime. He said that many good things came to pass while the SDP and ASI were one. He talked about the position of wage earners today and said, among other things, that the government seemed to view wage cuts as a solution to all problems; that the wage earners alone had to shoulder the whole national burden. He also discussed the relations of the labor movement leadership and the political parties. He said that in recent years the labor leaders had suffered unjust criticism by the political leaders including those who identified with the labor force. In conclusion, he encouraged solidarity among all socialists against the human contempt he said now prevailed and concluded by requesting that the activities of the SDP would support social issues.

Next on the agenda was the honoring of senior members who received a red rose and a book about Jon Baldvinsson, the first chairman of the Social Democratic Party. Next was group singing and actors Gunnar Eyjolfsson and Helgi Skuli Kjartansson entertained. Next, SDP Chairman Kjartan Johannsson gave a speech. He began by covering the development of issues within the SDP since the last party congress and said that various setbacks had tested the endurance and perseverance of party members. First, the party had split and the election campaign had been conducted with considerable lack of support under those conditions. Also, drawn-out debates about government formation had ensued in which no consideration was given to the views of the SDP. One more setback occurred, that is the enormous financial difficulties because of the publication of ALTHYDUBLADID (SDP organ). That problem had been much greater than anyone within the leadership ever imagined. He said: "But now the worst is behind us and we are on the offensive. The SDP has encountered setbacks before and always rebounded in time of need. That will also be the case now."

Johannsson then touched upon the conditions of national affairs. He said that liberals and financiers were in charge. He said that it was a known fact that Hayek and Friedman wanted the labor unions to expire and it was news to them that these views prevailed within the Icelandic government. Johannsson then talked about the SDP platform and the issues the party emphasizes. He said that Icelandic politics are in much turmoil, as he phrased it. The liberals and financiers have overtaken the Independence Party. The social-minded members are not popular within that party. The Progressive Party is tied to and formed by a conservative labor policy and the social powers had also lost there, he said. Johannsson said that the opposition is weaker than it should be because the largest opposition party, the People's Alliance, is not strong enough as a leading power. The People's Alliance is a party of extremists and opportunists that has repeatedly demonstrated irresponsibility in government coalitions and played up to extremists' policies in accordance with its origin.

#### Foreign, Security Affairs Forgotten

Reykjavik MORGUNBLADID in Icelandic 20 Nov 84 p 41

[Article: "Foreign and Security Affairs Forgotten"]

[Text] Iceland's foreign and defense affairs were discussed somewhat at the Social Democratic Party [SDP] congress. During discussions about a draft of a resolution it was pointed out, among other things, that these issues were not mentioned at all and proposals were submitted to include them. Managing director of the State Housing Fund, Sigurdur Gudmundsson, submitted, among other things, a proposal that special mention would be made of the danger caused by the constantly increasing Soviet armament on the Kola Peninsula and the necessity of increased defense in the Nordic countries because of that. The party congress conclusion was that a paragraph be inserted into the resolution emphasizing in general terms that the current policy of defense matters would be continued.

A proposal from the Young Social Democrats was also discussed and the political committee phrased it as follows: "The Social Democratic Party condemns war powers both in the East and the West." Sigurdur Gudmundsson used this sentence, among other things, as a topic and said he opposed it: "it implied that they all had the same type of behind," as he phrased it. He reiterated his views on the danger involving the Soviet armament on the Kola Peninsula. Nuclear submarines pour out of there which is a constant threat to us. To support his case, he said that the Norwegians and the Swedes had for that reason greatly increased their defenses and the same would happen here. He proposed that instead of condemning war powers "both in the East and the West" it should state: everywhere.

The political committee dealt with amendment proposals for the resolution that had been submitted. Eidur Gudnason reported on the conclusions of the committee which proposed that the sentence in question would read as follows: "The Social Democratic Party condemns war powers in the world." This proposal was then voted on and approved 72 votes to 14. The votes against were mainly cast from the ranks of the Young Democrats as their representatives had declared their opposition to the amendment proposal submitted by Sigurdur Gudmundsson.

#### Party Planks Adopted

Reykjavik MORGUNBLADID in Icelandic 21 Nov 84 p 38

[Article: "Forty-Second Social Democratic Party Congress: "The Government Has In No Way Touched the Basic Problem of Industries"; sections within slantlines are in italics]

[Text] ALTHYDUBLADID the Only Debtless Partner in Bladaprent

The publishing affairs of the ALTHYDUBLADID party organ are still in the investigating stage and it has not been decided whether it will continue to be published as a daily paper. The total printed copies are 4,200. It has been operated without a deficit and it is the only member of Bladaprent Inc., which does not owe the firm anything. This came forth at a press conference which the newly elected chairman of the Social Democratic Party Jon Baldvin Hannibalsson called yesterday morning. He said that the party aimed at establishing a publication center which would distribute information booklets on behalf of the party and that video tapes with information on the party's views were being considered.

At the meeting, the chairman reported that the THJODVILJINN (People's Alliance party organ) had invited him to publish articles on national issues and had indicated that the paper wanted to be the forum for the exchange of views in the left-wing of politics. He accepted this offer and sent two articles to the THJODVILJINN. Days passed and the articles were not published. He then called the editor of THJODVILJINN and received the answer that

THJODVILJINN was a poor newspaper and could not afford to publish the articles which the paper itself, however, had asked for. It was then decided to send one of the articles to MORGUNBLADID which published it immediately. It came forth in the talks of Arni Gunnarsson and Jon Baldvin Hannibalsson that MORGUNBLADID is open to opposite views.

Jon Baldvin Hannibalsson then introduced the following excerpt from the policy platform of the 42nd congress of the Social Democratic Party which took place last weekend:

"The most important task in Icelandic politics now is to formulate clear answers to two questions:

1. How can the nation rise above the prevailing crisis situation and be on equal basis with their neighboring nations with regard to living conditions in the future?

2. How is it possible to secure more equal division of properties and income than currently exists for the very reason that there is less to divide at the moment?

"The government of Steingrimur Hermannsson and the Independence Party is guilty of letting the wage earners alone shoulder the burden of all costs incurred because of mishaps in the national economy as well as risky speculations made by its predecessors. The government has in no way touched upon the basic problems in the industries and economic management. It opted to transfer enormous funds from the wage earners to businesses and capitalists. This policy pursued by the government parties has now collapsed and the government is finished.

"The branding of injustice was not put on the face of the Icelandic society for the first time during this government's term in office. Its measures have, however, unveiled an unattractive view of the confused inflation society that became permanent during the last 15 years, the 'decade of the lost opportunities.' During this period, three political parties have mostly been in power: the Progressive Party, the People's Alliance and the Independence Party. The leadership of these parties in national issues has failed.

"Experts agree that we would now have 25 billion kronur more at our disposal if the nation's fund had been utilized as well as they were before the inflation was unleashed. The three-party leadership of national issues owes the nation this amount.

"The cost of the sacrifices of the decade of inflation is now before us in the form of the collapse of the fishing industry, poor living conditions, extreme disappointment and bleak prospects for the future. There are already two nations living in the country: one has given heavy sacrifices without results. The other nation has failed its duties and has become a privileged group in society. The younger generation meets closed doors--it has been left out in the cold.

"It is necessary to establish a special /'home debt clearance fund'/ to solve the default problems.

"/The government of Sverrir Hermannsson is shipwrecked because it has mistreated the nation's sense of justice./

"Wage earners and the young generation are rebelling against an unjust society. They are calling for /radical reform--in the spirit of humanity and social democracy./ The Social Democratic Party views it as its main task in the near future to bridge the gap between the 'two nations.' The social democratic solutions are the only ones that will suffice.

"The Social Democratic Party's answer to the statements of ministers and employers that the society cannot afford to pay decent wages is--/Then It Must Be Changed./ The party congress approved a radical /'policy statement about ways to balance the division of property and income and to ensure social justice.'/ The policy of the Social Democratic Party can be summed up in the following conclusions:

- to reduce the cost of production, capital and interest in industry;
- to ease the tax burden of wage earners and particularly that of families with one head of household;
- to abolish tax evasion of privileged groups;
- to reduce prices with reduction of sales tax;
- to reduce the credit burden of builders of own homes, especially the younger generation;
- to ensure increased equality and social justice.

"The Social Democratic Party calls to mind its proposal in the Althing:

- to abolish income tax on wages up to 35 thousand kronur a month;
- to lower sales tax and with that prices on goods by abolishing exemptions;
- to levy surtax on inflation profit of privileged groups and use that revenue to compensate the young for their maltreatment by society;
- to put a halt to the Central Bank wastefulness and the expansion of the banking system;

"These are but a few examples of the SDP's radical reform proposals which all have in common to transfer funds from privileged groups that have put feathers in their nests to working people who have made sacrifices.

"These are genuine wage improvements--without inflation. These are social reform measures toward justice.

"The SDP's answer to the question of how to ensure the nation's economic independence and comparable standard of living to that of the neighboring countries is based on the following grounds:

- to break down the corrupt political welfare rationing structure of the parties in the system as well as interest groups in the funding system and credit institutions;

- to remove the 'business welfare system' from the taxpayers' shoulders;
- to create improved development conditions for branches of economic growth in future industry;
- to formulate a /New Employment Policy/ from now until the turn of the century.

"This is why the party congress confirms that the SDP is not an old-fashioned system-party and a party favoring state welfare but a radical reform party that wants to change the society in the direction of power distribution and more effective democracy.

"The Social Democratic Party now offers its disappointed voters a new alternative:

- 1) Radical reform policy in economic and social affairs.
- 2) Conservatism in successful policy in foreign and security affairs.
- 3) Initiative on a formation of a united power of Social Democrats and Liberals left-of-center in Icelandic politics.

"The Social Democratic Party declares itself prepared to cooperate on the governing of the country with the powers that want to support this policy. The unity of the nation, interest groups, age groups, industries, and regional areas, concerning the future tasks is based on this policy receiving increased support among the nation."

#### Paper Views New Chairman

Reykjavik MORGUNBLADID in Icelandic 20 Nov 84 p 32

[Editorial: "New Chairman of the Social Democratic Party"]

[Text] It is interesting to note how different traditions have been created within the various political parties when it comes to picking a chairman. In this respect, the Social Democratic Party is unique but does, however, resemble the Progressive Party. The chairmen have often been ousted which is almost unknown in other parties in the country. There is no doubt that the struggle for chairmanship that took place during the Social Democratic Party congress this weekend left wounds that will take a long time to heal and that party members will try to conceal them from outsiders. About 4 years ago, only a few months passed from the time Kjartan Johannsson pushed aside Benedikt Grondal, then chairman of the Social Democratic Party, until Grondal left politics and accepted an ambassadorship.

Kjartan Johannsson did not succeed in strengthening the position of the Social Democratic Party and the party split during his chairmanship. Dissatisfaction has been steadily increasing within the party. Jon Baldvin Hannibalsson is the type of politician who seizes the opportunity when he can. He evaluated the situation correctly when he announced publicly last November 11 that he was a candidate for chairman. Neither Kjartan Johannsson nor other top Social Democrats thought it likely then that Hannibalsson would be elected. When representatives at the party congress began to confer and listen to

speeches, Hannibalsson's support increased steadily and he won easily with 142 votes to 92.

The SDP sister parties in the neighboring countries have been moving to the left during recent months. It cannot be said that any similar development has caused any attention among Social Democrats in this country as they have not caused any attention in general. During the last congress of the Alliance of Young Democrats [SDA] a resolution was passed on foreign affairs that categorically indicates that within their ranks, views that have been important among leftist social democrats abroad are favored and only can be interpreted as flirting with those who consider Western defense cooperation more dangerous for world peace than Soviet armament.

Hannibalsson emphasizes that such flirtation is not to his liking; to that extent he pursues the policy of the French Social Democrats in security and defense affairs. On the other hand, he wants to be, for the moment anyway, on the radical left in domestic affairs. He is the first to sponsor a parliamentary resolution to introduce a bill of progressive property taxation: by putting a halt to "incessant transfers of income from the wage earners to a nouveau riche class of capitalists." In this view, Hannibalsson is closer to the welfare state social democrats in Britain and the Nordic countries.

There is no doubt that with a leftist policy and the interest of cooperation with the SDA, Hannibalsson intends to sail into the voting banks held by the Independence Party and lay his nets again before the electorate that always crosses the lines on these banks. Whether the Social Democrats like it or not, these banks are further to the right than before so the new chairman must show much scope in his policy formation if he intends to lay his nets there as well as trying to get votes from the People's Alliance. If looking at politics with other intentions in mind than fishing for votes in dirty waters, there is no doubt that the best consequences of having Hannibalsson chairman of the Social Democratic Party are that on the left side of politics an unbiased leader would be the challenger and would take support away from the People's Alliance and leave only those who still confess their love to world communism.

No matter how people fared in the ranks at the Social Democratic Party congress this weekend, it is clear that the power within the party is now totally in the hands of representatives from Reykjavik; both Hannibalsson and Johanna Sigurdardottir, the newly-elected deputy chairman, are parliamentary members for Reykjavik. The majority of the small parliamentary group of the Social Democratic Party, however, supported Kjartan Johannsson, representative of the old social democratic empire in Hafnarfjörður.

The political struggle has been complicated during recent decades. Nonetheless, the thread that goes through that story is simpler and woven by fewer people than is apparent at first glance. Three decades ago, Hannibal Valdimarsson was ousted after 2 years as chairman of the Social Democratic Party. Now his son has regained the emblem; even here there is resemblance between the Social Democratic Party and the Progressive Party.

## POLL SHOWS LEFTIST PARTIES GAINING

## Liberal Ally Loses Ground

Oslo AFTENPOSTEN in Norwegian 17 Nov 84 p 3

[Article: "Socialists Have Lead, 49.3 to 48.5 Percent"]

[Text] The Labor Party and its mainstays continue to have a narrow lead. This is evident from Norwegian Market Data's political barometer for October. But both of the two large blocs show a weakly declining development in relation to the September survey.

This time 1,288 qualified voters were interviewed by Norwegian Market Data; 1,065 of them have revealed their party choice. The Labor Party alone has the endorsement of 39.9 percent, unchanged from the month before. This bloc is up to 45.9 percent with the support of the Socialist Party of the Left, and when the Liberal Party is added, the final figure is 49.3 percent. These three parties had a combined voter approval of 49.8 percent in September.

The three government parties, the Conservative Party, the Christian People's Party and the Liberal Party, now have the combined approval of 42.1 percent (43.6 percent the month before). Together with the Progress Party, the non-socialist bloc attains 48.5 percent.

## The Center Party

The situation seems most serious for the Center Party, which is unable to attract new voters, but from month to month must register a weak, declining tendency. According to Market Data, only 5.1 percent will give their vote to the Center Party. This is an all-time low for the Center Party in Norwegian Market Data's polls.

## Christian People's Party

The situation is somewhat better for the Christian People's Party. A small decline is admittedly registered from September to October, but the party still has a voter endorsement at nearly the same level as in the county board elections in the autumn of last year, roughly one percentage point under the result of the 1981 parliamentary elections.



## Conservative Party

Even though the Conservatives also placed lower this month than the month before, the party has won back and retained a large part of the voters it lost in the 1983 elections. Then the endorsement was 26.2 percent, now 28.5 percent. What is critical for the government parties, however, is that stagnation or decline in voter approval affects all three parties, and they are thus just short of the minimum voter approval which is needed for an election victory next year.

## Norwegian Market Data--Political Barometer

(Percentage) (of votes )	Parl. Elec. Sep 1981	Cnty. Elec. Sep 1983	Jun 83	Jan 84	Aug 84	Sep 84	Oct 84
RV (a)	0.7	1.2	1.0	1.1	0.8	0.5	0.7
AP (b)	37.1	39.2	38.6	38.9	39.6	39.9	39.9
NK (c)	0.3	0.4	0.3	0.4	0.3	0.3	0.3
SV (d)	5.0	5.3	6.0	5.9	6.0	5.4	6.0
(e)	43.1	46.1	44.9	46.3	46.7	46.1	46.9
FR (f)	4.5	6.3	5.4	7.0	7.1	5.7	6.4
DLE (g)	0.6	0.7	0.4	0.3	0.4	0.2	0.7
HP (h)	31.8	26.2	30.4	28.7	28.0	29.1	28.5
KF (i)	9.3	8.7	8.0	7.9	8.5	8.9	8.5
SP (j)	6.6	7.3	6.6	5.7	5.2	5.6	5.1
V (k)	3.9	4.4	4.0	4.0	4.1	4.5	3.4
(l)	0.2	0.3	0.3	0.2	0.1	0.0	0.5
(m)		1,141	1,135	1,177	1,056	1,023	1,065
(n)		1,388	1,320	1,423	1,289	1,288	1,288

(a)=Radical Left;

(b)=Labor Party;

(c)=Norwegian Communist Party

(d)=Socialist Party of the Left

(e)=sum of RV + AP + NK + SV

(f)=Progress Party

(g)=Liberal People's Party

(h)=Conservative Party

(i)=Christian People's Party

(j)=Center Party

(k)=Liberal Party

(l)=other parties

(m)=number of answers about party preference

(n)=number of interviewees over 18 years of age

The barometer results from the fact that each party is weighed against the 1981 parliamentary elections. Statistical margins of error can be of a magnitude up to three percentage points for vote shares near 50 percent, roughly two percentage points for votes shares in the 10 to 20 percent range, and one percentage point for lower vote shares.

The interviews were conducted from 18 October to 8 November 1984

### Newspaper on Coalition's Losses

Oslo AFTENPOSTEN in Norwegian 17 Nov 84 p 3

[Editorial: "False Stroke in Cooperation"]

[Text] Today's political opinion poll, published on page 3, is a clear reminder to the nonsocialist parties that they cannot allow themselves to "play politics" if they are going to secure the renewed confidence of the voters. The ludicrous manner in which the government parties have turned the date for Statoil's assumption of operational responsibility at Statfjord into a full-blown crisis will not, of course, be understood by the ordinary voter. If we should experience other comparable spectacles over issues which responsible adult politicians must be expected to solve amicably, then this is only likely to undermine the coalition's reputation.

Whether it is the Center Party or others which seek to make a certain impression in the hope of enhancing the party profile, we will--to use a phrase of Guttorm Hansen--strongly advise against "playing the sly fox at the wrong time." In such a case, one runs the risk not only of tricking oneself--something which the Center Party least of all can afford--but also of tearing down the entire political structure that nonsocialist voters have rallied around.

Now, as we know, it worked out fine in the end, and we believe that both the government coalition and our political life in other aspects will be well-served if this painful intermezzo is confined to oblivion as soon as possible. But before the Government resumes its many demanding tasks, there may be reason to point out once more the importance of following elementary game rules. And the most important of them all is that in a government coalition one cannot go out and proclaim categorical viewpoints on issues which to a high degree also affect the coalition partners. If one chooses such an approach, one runs the risk of getting bogged down in trench warfare where prestige is stressed--often with a self-reinforcing effect. Experience shows that it is hard to keep such a development under control.

But compliance with game rules generally agreed upon in principle does not, of course, prevent individual parties from being given every opportunity to express their individuality. It is a matter of maintaining a delicate balance in which the natural desire to mark out one's own ground does not supersede the sense of solidarity which must prevail in all political cooperation. Generally speaking, the government parties--we have repeatedly pointed this out--have displayed a distinct willingness to close ranks and formulate a policy which they have been able to jointly defend in public and in the Parliament. We therefore consider the Statfjord affair a simple false stroke without lasting effect on cooperation.

The opinion poll from Norwegian Market Data confirms a long-term tendency which plainly underscores how important it is for the three government parties to join forces and present an aggressive policy for meeting the challenges of the 1980s. If one studies the figures both for the government parties

individually and for the coalition as a whole, it is evident that a nonsocialist victory in next year's election will require a new collective strategy.

And yet even though the socialist parties seem to be gaining the upper hand, the situation does not give cause for despondency on the nonsocialist side. Given the small margins which separate the socialist and nonsocialist blocs, it will not take much to change the total picture. The next opinion polls will be able to confirm this.

12327

CSO: 3639/33

MILITARY

DENMARK

BRIEFS

ADDITIONAL F-16S REQUESTED--As part of the defense agreement that was reached between the government and the Social Democrats, Defense Minister Hans Engell is asking the Parliamentary Finance Committee for 1.3 billion kroner for 12 new F-16 planes. Forty-seven million kroner will be taken from this year's budget and the rest from future budgets until 1990. A promise was reached to provide 80 percent of the production cost in compensation. [Text] [Copenhagen BERLINGSKE TIDENDE in Danish 20 Nov 84 p 3]  
9349

CSO: 3613/40

## WOERNER ASSESSES MOBILIZATION MANPOWER OPTIONS

Bonn DIE WELT in German 18 Oct 84 p 6

[Article by Manfred Woerner, minister of defense: "Some Basic Points for the Future of the Armed Forces"]

[Text] Long-Term Personnel

In planning our goals we will be exhausting any birth year to a greater extent than we are currently doing. Today every 10th person from any birth year commits himself to a long-term enlistment. In the future we must get every eighth one. In view of the shrinking age group sizes which in 1992 will amount to only 160,000 in contrast to today's 300,000, and in view of a situation of competition with business, raising the absolute number of long-term and career servicemen to a level such that it is above the current one is out of the question.

This, of course, presupposes that the total pool from which recruiting is done will remain constant. But it is declining. By half. To get more long-term personnel from half the number of conscripts fit to perform compulsory military service than today is completely impossible. For effectively every fourth or fifth man would have to be convinced to commit himself to the Bundeswehr. That is totally unrealistic. We will need heavier utilization through greater attractiveness. It cannot be said that we will balance out the shortage of conscripts performing basic military service by more long-term personnel. Where are they supposed to come from given the shrinking birth years?

Smaller Peacetime Strength?

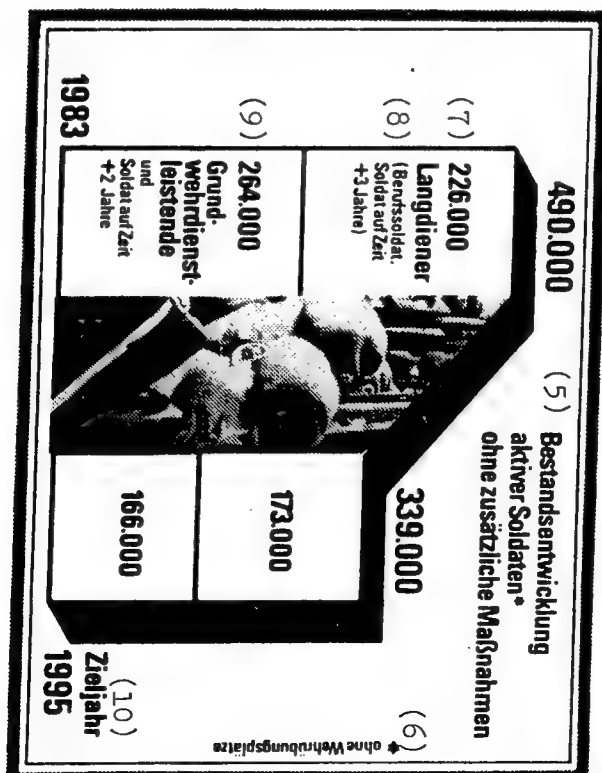
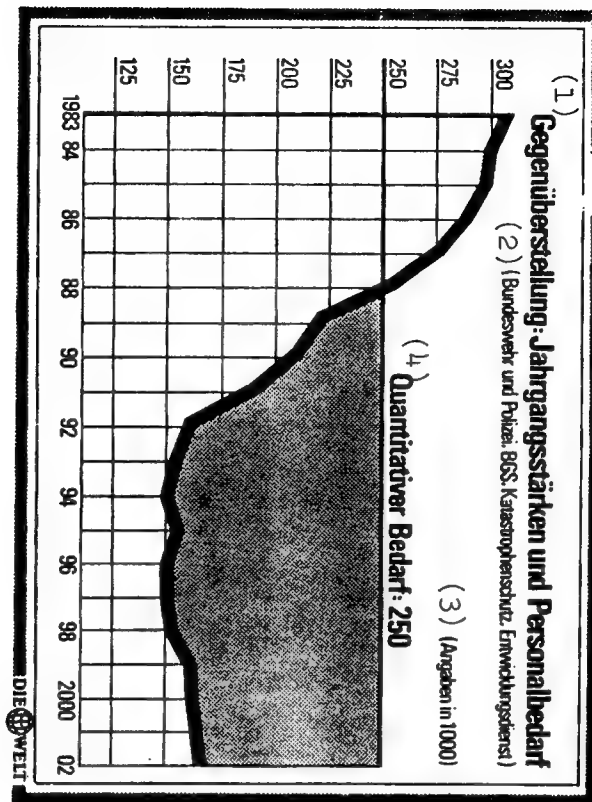
We have reviewed all models. With a model of 430,000 men we would have to deactivate 10 home defense brigades, decommission several Luftwaffe squadrons as well as several naval units. Since the Bundeswehr must not only take care of its own combat zone, but must also cover the deployment of the allied troops in the first hours and days of any conflict, operational units are required, highly operational units. For in fact NATO has no reserves. Basically the Bundeswehr is the reserve in the first days until the Americans arrive across the Atlantic with reinforcements. This means: The more the Bundeswehr would create cadres, the less NATO would be in a position overall to maintain forward defense starting at the border. With 400,000 men there would be only 25 brigades in contrast to the 38 now. With a front of 600 kilometers with 25 brigades the Bundeswehr can no longer fulfill its defense mandate.

## Equity in Conscription?

When the first conscript arrives at the barracks for 18 months, that is in 5 years, then there will no longer be any problem of equity in conscription at all because by then we will have long since lowered the levels of fitness and reduced the waiver regulations; we will be drafting older men and married men, because we will in fact take anyone we can get in whatever manner. This means that the problem of equity in conscription will be solved before military service is lengthened to 18 months. We have dealt with this point out of our very own interests because if inequity in conscription continues, how are we to expect young people to have to serve 18 months while on the other hand others are not inducted into the Bundeswehr?

## Why Not a Professional Army?

With the professional army we would have the problem that the Americans have: no reserves. In addition, there is the social point of view. We will never be ready for that. This minister of defense will never be after a professional army, even if he could. What do we give up with the compulsory service army, in which the military is interlaced with the citizenry? And with the compulsory service army we will always remember that the defense of this country is not the job of a handful of professionals. Citizens, the defense of your freedom is your very own concern! If we lose this consciousness then we shall be way behind.



## Manpower Level and Effect of the Pill

The minister of defense calls the graphically represented development of the annually declining available pool of young men fit for military service (left) a "horror curve." It shows that in 1988 the manpower level of 250,000 will fall short and thus from then on the Bundeswehr, police, Federal Border Guard and other public services will no longer be able to completely find the younger people which they need. If the Bundeswehr were to do nothing about the "effect of the pill" then in 1995 its size would look like the graphic to the right: 339,000 men and in this contingency only every second one liable for military service.

### Key:

1. Comparison: Age-Group Sizes and Manpower Requirements
2. (Bundeswehr and Police, Federal Border Guard, Disaster Protection, Development Service)
3. (figures in thousands)
4. Quantitative requirements: 250
5. Population development of active soldiers\* without additional measures
6. \*Without reserve duty training slots
7. 226,000 long-term personnel
8. (Career soldiers, long-term servicemen + 3 years)
9. 264,000 conscripts performing basic military service and long-term servicemen + 2 years
10. Target year

12124

CSO: 3620/119



## SPD PRESENTS ARMED FORCES STRUCTURE PROPOSAL FOR 1990'S

## Manpower Reduction to 300,000

Frankfurt/Main FRANKFURTER ALLGEMEINE in German 15 Nov 84 p 4

[Article by Claus Genrich: "Buelow: 300,000 Soldiers Adequate in Peace"]

[Text] The chairman of the SPD party executive committee's Security Policy Commission, von Buelow, has suggested reducing the peacetime level of the Bundeswehr in the 1990's to 300,000 men. On Wednesday in Bonn when he "presented sketches of a Bundeswehr structure for the 1990's" Buelow said that in this connection there must be the guarantee that within 72 hours enough reservists are called up so that the total level of 1.3 million men is reached. The peacetime level of the Bundeswehr, with formal observance of an upper limit of 495,000 men, should be established as appropriate in terms of political and financial points of view; the upper limit does not need to be reached. Compulsory military service should not be more than 15 months. The peacetime level of the armed forces should "tend" to decline according to the birth curve. Buelow said that he did not have anything against the idea of a partial U.S. withdrawal from the FRG in line with Senator Nunn's recommendations. In the alliance Buelow's plan can be "offensively advocated" if attention is directed to the Bundeswehr's "capability to expand" to 1.3 million men. The posture of the FRG in the Vienna negotiations about balanced reduction in troops in Central Europe is "extremely uncreative." The FRG can give up the principle of collectivism of Western troop levels because the FRG need not feel threatened by the armed forces of Hungary, Czechoslovakia, Poland nor even by the "National People's Army" of the GDR. If the Soviet Union declares its readiness to reduce its troops in Central Europe, then a stipulated reduction in the Bundeswehr's upper limit to, for example, 350,000 men can make sense.

In his study which to date has not been coordinated with the other members of the Security Policy Commission nor the SPD Bundestag fraction or the party leadership the former parliamentary undersecretary in the Ministry of Defense recommends "breaking loose from staring" at the number 495,000 or 456,000 soldiers and even more from the defense level of 1.3 million than focusing especially on the question of how in the future reservists could better be utilized. The present operational units would be overvalued. Reservists would not be used for the purposes for which they had been trained. "Training is wasted." The Bundeswehr should rely more on teams of reservists even in

operating technically complex equipment in the particular units. To do that it is not necessary "to drag" all conscripts "through highly technical training." Instead they can be trained early for their later jobs as reservists in the territorial army, which saves money. In the future weapon systems should not be operated only by conscripts. Thus Buelow recommended abolishing the separation between field army and territorial army. This is possible because the advance warning time adopted by NATO of 48 or 24 hours is not applicable. One can figure on an advance warning time of 1 to 2 weeks. Thus a surprise attack is virtually impossible. "Forward defense can also be guaranteed by reservists and a smaller peacetime level."

#### Ehmke Revises Manpower Estimate

Frankfurt/Main FRANKFURTER ALLGEMEINE in German 17 Nov 84 p 4

[Text] SPD deputy fraction chairman Ehmke on Friday announced that according to the most recent conceptions of SPD military expert Buelow for a restructuring of the Bundeswehr more than 300,000 men will likely be necessary as the peacetime strength in order to guarantee timely expansion of the Bundeswehr forces to 1.3 million men if there is a state of tension. As Ehmke observed on Friday Buelow has been misunderstood with the number 300,000. It is true, of course, that the strength of the Bundeswehr would fall by the mid 1990's to 300,000 men if additional steps were not taken. Thus, in the meantime the question is what peacetime strength is necessary in order to guarantee, in the event of tension, a rapid enough buildup. "In all probability the level will have to be more than 300,000 men."

12124

CSO: 3620/118

## BUNDESWEHR OFFICERS GO PUBLIC ON PROMOTIONS, SPD 'CACOPHONY'

## Woerner Irritated at Discussion

Bonn DIE WELT in German 2 Nov 84 p 1

[Article by Horst Dalchow: "Captains Take Woerner to Task"]

[Text] Starting next year in the view of Minister of Defense Manfred Woerner a total of 1,500 officers must "voluntarily" retire in order to decrease the promotion and utilization backup in the Bundeswehr.

During a visit to the Bundeswehr's command staff academy in Hamburg the minister of defense reiterated his view that a different solution to the precarious personnel situation is inconceivable. The superannuation primarily among company grade officers born between 1935 and 1944 cannot be allowed or maintained in the long run, even from the aspect of the "social point of view." Woerner: The captains who in part are over 40 years old are scarcely in a position to discharge their function as examples for the young conscripts.

The minister's visit had been anticipated for a rather long time at the academy. The move by a group of captains who are being trained there without any prospect of promotion for staff duty was probably decisive for the date. Company commanders who are up to 47 years old are among the officers protesting. Their spokesman, Bernd Ullrich, characterized the superannuation of the troop commanders in a public statement as "one of the most dangerous problems in the Bundeswehr." Minister Woerner agreed with this statement "without reservation," but did criticize their going public. Since the time he took office he had devoted his special attention to this problem. It is presently being discussed in the Cabinet and will be solved in the foreseeable future. The procedure which is necessary in a democratic type of state can only be disrupted by premature announcement of details.

Frustrated troop commanders would not be able to motivate year after year new conscripts for their job of guaranteeing the peace even if they are on duty "50 and more hours per week." According to what the minister said the proposed retirement regulation can be introduced only gradually. The financial framework is prescribed by the budget, additional funds are not available. This means a shift in priorities. A substantial loss of income for retiring officers is unavoidable.

## SPD Security Policy Roasted

Bonn DIE WELT in German 29 Oct 84 p 10

[Article by Peter Phillipps: "Soldiers Criticize SPD"]

[Text] Leading Social Democrat politicians were forced to listen to fundamental criticism from soldiers in Coblenz over the weekend: The SPD Bundestag fraction had invited about 350 politicians, scientists and soldiers to a "security policy informational meeting." It was primarily the SPD's security policy "cacophony" that was criticized by the Bundeswehr officers. Without a doubt the Western alliance is faced with new challenges, but Social Democrats must also not arouse "unfounded suspicion" as if they wanted to withdraw in a substantive way from the alliance or the Bundeswehr.

But not even the Federal government was spared criticism: Several soldiers voiced the complaint that Minister of Defense Woerner came into office "with a big down payment of confidence by the army," but--especially after the Kiessling affair--it is possible "to identify with him only with difficulty." The other point of criticism was the soldiers' "totally unsatisfactory social situation."

Meeting leader Erwin Horn, task force chairman for "security questions" in the SPD fraction, sought to contain a part of the criticism of the SPD both in the plenum and in one of the workshop sessions. Thus, he stressed the fact, even aiming it at the SPD, that the Bundeswehr clearly has a "structural nonattack capability" and that neither the "Western maneuver sites" nor the weapons design nor the infrastructure of the alliance revealed any kind of "offensive planning." Surely the SPD has "always had difficulty with the security policy because there is always a pacifist wing in it." But the SPD is "not a pacifist party."

The meeting itself was overlaid by a sharp controversy between Minister of Defense Manfred Woerner and opposition leader Hans-Jochen Vogel: The deputy SPD chairman had reproached Woerner in Coblenz for having "violated a basic rule in the leadership of people and not having himself stuck to what he demands of others." He is today a "burden" and "a minister who is dependent on the understanding indulgence of the armed forces, but not someone who can demand and lead as an example." Woerner rejected this yesterday as "filthy attacks": Vogel is only trying to divert attention from the "deep internal split" in the SPD. The fact that in doing this he "falsifies the truth unscrupulously is characteristic of this politician for whom changing course has become second nature."

12124

CSO: 3620/115

## MORE FUNDS, EFFORT IN CIVIL DEFENSE PLANNED

Vienna PROFIL in German 12 Nov 84 pp 68-69

[Article by S. M. Gergely and Alois M. Goeschl: "Creep Underground: Crisis Preparation Increased; It is Doubtful For What Emergencies It Can Serve"]

[Text] "It is irresponsible, Professor Dr Gerhard Bruchkmann complains, "that to date so little has been done in Austria for civil defense." The lament of the statistician is reflected in figures: Only five percent of the Austrian population can find a shelter in an emergency. In approximately 400 federal buildings, where shelters are mandatory, a total of 127,288 persons can find secure shelter in emergencies in a total of 754 shelters. But only one-twentieth of the total of 350,000 shelter places can shield from radioactive rays, according to a study by the Seibersdorf research center. "This is an unjustifiable situation," Interior Minister Karl Blecha told PROFIL, "which I do not accept." As a comparison--Denmark provides secure protection to 50 percent of the population, Sweden to 65, and Switzerland even to 80 percent.

On the other hand, the Swiss also expended almost a hundred times more a year than we--400 million francs.

"The Swiss just have a different attitude than we," reasons Karl Rohrbeck, President of the Austrian Civil Defense Association. Moreover, Rohrbeck claims that the former interior ministers Lanc and Roesch had no interest in civil defense matters. Leopold Gratz as mayor was also not active; he argued that it was futile to consider whether one could dig himself in for a week.

This is to be changed. Blecha has scheduled a major civil defense poll for early 1985 to increase awareness; 500 million schillings are to be allocated soon for shelter planning alone.

Blecha's further plans include:

- Establishment of clear lines of responsibility on the federal level for civil defense,
- Reorientation of the volunteer fire departments to crisis prevention, and
- Equipping the existing shelter with at least minimal protection devices.

What efficient crisis management would cost is debatable. Professor Egon Matzner prepared a study according to which a maximum alternative--a network of shelters with 21.7 million places to be built in the next 25 years--would devour 215 billion shillings; a "minimal alternative", corresponding to two AKH [expansion unknown] buildings, would cost 72.8 billions. Says Blecha, "These figures are not to be taken seriously." Rohrbeck also considers Matner's calculations to be "numerical trickery." Shelter construction will no doubt be expensive, but the decisive factor is said to be a comprehensive conceptualization, including information about alert plans as well as assistance in prevention or during natural catastrophes. Rohrbeck's aim is the crisis proof household and the crisis secure community. Each day rolling bombs in the shape of poison-filled trucks cross Austria; they can cause catastrophes even in peacetime. "The atom bomb," says Rohrbeck, "has quite a low priority." A nuclear exchange is said to be improbable, and the nuclear plants near the borders are said to be sufficiently secure. "In the public," Rohrbeck complains, "civil defense has been cited by many and has on occasion been misinterpreted."

Some pacifists, on the other hand, consider civil defense not only useless, but even dangerous. Peace activist Paul Blau argues that the more a population considers itself secure because of costly shelters, its willingness to support peace is reduced. "Civil defense lowers the acceptability threshold of nuclear war." (Blau) Preparation in Austria for a nuclear catastrophe is said to be quite useless. "This argument," says Blecha, "has some merit." But a fear that preparation would lead to war is just as unjustified as a concern that an excess of physicians will lead to illnesses, replies Rohrbeck. "In that case," adds Vienna's deputy mayor Dr Erhard Busek, "everything that serves prevention should be abolished, including the fire department."

The assumption that radiation proof bunkers are useless in a nuclear war also evokes counterarguments. Professor Herbert Sorentin, director of the radiation defense department in Seibersdorf thinks that people in a radiation proof bunker would have chances for survival as little as 800 meters from ground zero of a one megaton nuclear bomb. This, of course, does not mean that an atomic attack has been overcome--the element iodine 131, a radioactive byproduct of nuclear fission--has a half life of eight days and contaminates water and food for weeks. Even the survivor at that point will probably envy the dead--there would be hardly any medical help for the injured, there would be no electricity nor fuels. An American study has also projected civil disturbances for the period after a nuclear attack--in the search for food looting would be commonplace.

The prognoses become even bleaker on hand of new meterological calculations, according to which a global temperature decline is to be feared even in the case of a limited nuclear war, since the explosions throw huge amounts of dust and smoke into the atmosphere, darkening the entire earth and hindering all plant growth for months or even years.

Some Austrians, including the FP's young star Joerg Haider, do not care for the predictions but build shelters. The cost of a private shelter for about a dozen people is estimated to range from 80,000 to 250,000 schillings, depending on the facilities (a shelter place in a public building is assessed at 8000 to 16,000 schillings.) The Federal Ministry for Construction and Technology has since 1962 had guidelines for shelter construction, but nobody checks whether they are followed. In cheap shelters slate is often provided instead of the expensive concrete, but slate is porous and thus unsuitable in some crisis situations.

Although nobody knows how many private shelters are functional, the experts are agreed on one point--Austria is as good as unprotected in the case of major crises, especially in the case of war.

9240

CSO: 3620/137

## MILITARY

## AIR FORCE PILOTS TO TRAIN IN SARDINIA

Frankfurt/Main FRANKFURTER RUNDSCHAU in German 14 Nov 84 p 22

[Article by Peter Amstutz: "Switzerland Has Become Too Small for Fighter Training"]

[Text] Berne--The traditionally peaceful Swiss are about to "conquer" new lands in the Mediterranean. Starting 7 January next year Swiss fighter pilots are about to start from the Decimomannu training base in southern Sardinia on air combat training flights over the Mediterranean. The approximately 650 professional and militia pilots of the neutral Alpine land are to be confronted by "warlike and realistic situations to the maximum extent possible," according to the Federal Council in Berne. However, their own territory has become too small for high-speed supersonic missions. Frequent citizen complaints as well as the danger that sonic booms may trigger avalanches in the mountains have had the effect that the "Tiger," "Mirage," and "Hunter" pilots with their approximately 300 aircraft are hardly able to fly serious training missions under full power at less than 10,000 meters. Some 10 months ago, Berne "discovered" Sardinia as an alternate solution. Some 25 kilometers northwest of the capital and port city of Cagliari, on the Campidano plain, Mussolini's government had in 1941 built a landing field for Hitler's Wehrmacht. Beginning in 1956 the Italian air force expanded the facility according to NATO standards, and placed this inscription over the gate to the barbed wire enclosed area: "On this air force facility the best Italian, German, and Canadian pilots are trained."

Now the Swiss are also to have the chance to practice demanding supersonic dogfights over Mediterranean waves on at least 14 of the 320 annual clear days. The current users of the Decimomannu include also the Americans, British, and occasionally the French.

As early as January the first 18 to 20 professional pilots (trainers) of the federal surveillance squadron, i.e. Berne's permanent air patrol, will be transferred south, provided the Berne parliament will allocate the funds. Some 60 civilian aircraft maintenance experts will go along on the trip to Sardinia, because the Swiss will take along six each unarmed Northrop 5E "Tigers" and "Mirage 3s". For neutrality reasons the use agreement considers the Swiss pilots during their training abroad not as military persons but as federal officials.



The air force command in Berne expects the trip into the NATO area to result in "a considerable increase in combat readiness" and the pilots with Sardinia experience are to transmit that knowledge at home to the next generation. Up to now the Swiss fighter pilots had to go abroad merely for weapon trials, since their own country is too small for firing long distance air-to-air missiles. Test firing from aircraft of the Alpine republic routinely take place in Cazaux near Bordeaux (France), at the Nellys Air Force Base near Las Vegas, Nevada, as well as at the Swedish Vidsel near the Polar Circle.

9240

CSO: 3620/136

## INDECISION AFFECTS U.S. NAVY USE OF RODOS ISLAND

Athens ENA in Greek 4 Oct 84 p 12

[Text] Winter "customers" with 250 million dollars are waiting in the lobbies of the hotels and in various Rodos stores, but no one takes the responsibility of giving them an entry permit. Everybody--hotel managers, merchants, authorities of the island--pretend that they do not know anything "officially" and are waiting for third parties to take the initiative in order for the permit to be given to these customers to be lodged in Rodos.

It has to do with the men of the American Sixth Fleet who are seeking a warm cosmopolitan environment in which to spend their liberty ashore during the five winter months--from November to March.

According to reliable sources, the officials of the American Sixth Fleet have requested permission for their naval vessels to anchor in the Rodos waters and for approximately 1,500 men each time to spend the night in the island's hotels during a 5-month period. These officials add to their proposal the estimate that every man in the fleet--officer, petty officer or seaman--will spend about 100 dollars on the island every night.

To these numbers should be added the fact that many families of the men of the fleet would be coming to Rodos to spend 1 or 2 winter months with them.

And now the problem: while the subject is being discussed "confidentially" in the various business and commercial circles of Rodos, no "authority" takes the initiative to discuss the proposal officially. Everybody wants "somebody else" to broach the subject first in order not to risk being labelled "pro-American."

Our information, which comes from Rodos businessmen, reports that even the government is not "opposed in principle to such a matter" in view of the fact that the deal of bringing in up to 250 million dollars in hard currency a year does not leave the government's economic agencies unaffected. As a matter of fact, it is reported that the ministries involved, Defense and Foreign Affairs, have not excluded the possibility of allowing the American Sixth Fleet to anchor in Rodos because such an amount of foreign exchange would bring great relief to the country's economy--during a low tourist season. The granting of said permission in such hard times for our economy does not lend itself--as Rodos officials emphasized--to a maneuver of opposition against the government.

However, in order not to create "misunderstandings" and "misinterpretations" that might have repercussions on the governing party, the government officials

responsible do not move to conclude the respective agreement with the Americans, but let the "matter" ripen within those directly interested (Rodos businessmen), who, in turn, would ask the government or would "pressure" it to grant permission to the American Sixth Fleet to put into port. Thus, the government will avoid being accused of having granted port facilities to the Americans on its own initiative and, at the same time, satisfy the business circles of Rodos.

On the other hand, the economic circles of Rodos hesitate to ask that permission be granted to the American fleet. They are afraid that KKE members will incite the Rodos population against them by using the argument that the "morals and tranquillity" of the island will be upset. During the private conversations, many KKE sympathizers express opposition by saying that the American sailors will get intoxicated and create disturbances. They also express fears that they will molest their daughters and crime will increase on the island (prostitution, drugs, etc.).

The American side counters all these arguments with assurances that all the necessary steps will be taken to avoid disturbing the peace of the island's population.

In any case, this opposition, which is based mainly on political reasons and far less on "moral" ones, makes the Rodos businessmen hesitate. The latter, however, present two arguments and let the others pull the chestnuts out of the fire: the 250 million dollars and the fact that the hotels and other tourist businesses in Rodos will be working 12 months a year and will not close during the winter months. This means jobs for thousands of working people.

9731

CSO: 3521/26

MILITARY

GREECE

#### VOLUNTEER CORPS IN 'LEOPARD' TANK TRAINING

Athens TO VIMA in Greek 28 Sep 84 p 1

[Text] The Armed Forces are getting the first 5-year term volunteer soldiers. This is provided for by a bill submitted today in the Chamber of Deputies by alternate minister of National Defense, Mr. Andonis Drosogiannis. Volunteers (men and women) can enlist upon completion of age 17 as well as citizens who have served their military obligation and those draftees who are now serving and wish to serve for a longer period.

Upon enlisting all volunteers will become equal in rank, hierarchy and pay with the regular non-commissioned officers; they will have a special uniform, full medical care, including medicines (for them and their families) and, when discharged, they will be allowed to compete for positions in the specialty schools of regular officers and non-commissioned officers of the Armed Forces. They may also, under a quota of 20 percent, be hired as permanent employees of the Ministry of National Defense or enlist in the Security Corps.

When discharged, they will also receive an indemnity equal to eight times their total monthly pay.

According to information obtained by VIMA, the first volunteers will be trained in the ultra-modern "Leopard I" tanks. The Ministry of National Defense will enlist 2,000 volunteers in the first stage and later 1,000 per year. The number of soldiers serving as volunteers cannot exceed a total of 5,000.

9731

CSO: 3521/26

## IMPLEMENTATION OF PLANNED SECURITY CORPS UNIFICATION

## Forthcoming Unification

Athens I KATHIMERINI in Greek 17 Oct 84 p 1

[Text] The Immediate Action Unit of the Cities Police and the Immediate Intervention Unit of the Gendarmerie will be abolished next week and a unified service is being created to implement the Security Corps unification law.

The minister of Public Order, Mr. Giannis Skoularikis, in referring to the matter, stated that the unified center will be staffed by officers and men of the Corps being abolished and will operate out of a building at 10 Stadiou Street where the Athens Police Directorate and, of course, the Immediate Action Unit are presently located. The telephone number to call will still be 100 because it is more readily known to the public. The permanent location of the unified center will be in a building on Leoforos Alexandras where the services of the General Police Directorate of Attiki will be housed and which is expected to be ready by next March.

## Leadership Matter

In referring to the matter of command of the new Police Corps, the minister said that the selection of the commanders will be made by the KYSEA [Government Council for National Defense]. In any event, the new police corps will have two commanders during the first 6 months. After this period of time, the KYSEA will meet mandatorily to select one chief. Mr. Skoularikis said that it is possible that the KYSEA might meet tomorrow and select two new chiefs or merely one chief. The law allows it this privilege.

With regard to submitting statements of incorporation in the new police corps, Mr. Skoularikis stated that during the 5-day time limit set by the law, all the officers of the two corps covered by the time limit, that is, the two Chiefs, the five Major Generals of the Gendarmerie, the two Deputy Chiefs of the Cities Police, the 16 Brigadier Generals of the Gendarmerie, the five Directors General of the Police, the 64 Colonels of the Gendarmerie and the 24 Chiefs 1st Class of Police, submitted statements of incorporation.

Finally, the minister, in referring to the statements of the New Democracy in which it recommends to those serving in the security corps that they sign the

statements of incorporation, but with reservations, stated that those who do submit statements with reservations will find themselves in a difficult position because, according to the respective article of the constitution, they actually submit their resignation in view of the fact that the two corps have been abolished and their positions and services are naturally also abolished.

#### About Mr. Skoularikis' Resignation

The minister of Public Order, Giannis Skoularikis, categorically denied the reports concerning his resignation because of reaction to the unification of the Security Corps that appeared in the newspapers. In the statement he made on the subject he said, "There is no question of my resignation. We have taken on a job and we must finish it."

#### Karamanlis' Suggestions Accepted

Athens POLITIKA THEMATA in Greek 11 Oct 84 p 10

[Text] By the time the law on the unification of the Security Corps that was passed in the Chamber of Deputies with the votes of a small group of PASOK deputies and two or three KKE deputies was published in the Government Gazette, it had been totally altered. The government backed down and, in the end, accepted all the suggestions that the President of the Republic, Mr. Konstandinos Karamanlis had made to the minister of Public Order, Mr. Giannis Skoularikis. The same suggestions had been explained in a 4-hour meeting of the legal counsel of the presidency, Mr. Dion. Kalodoukas, with Mr. Skoularikis.

Thus, the law as published in the Government Gazette was minus a series of provisions that gave the impression that the Security Corps is ordered to serve only the interests of certain parties and not the national interest.

9731

CSO: 3521/26

MILITARY

GREECE

BRIEF

FUEL ECONOMY INVENTION--The Ministry of National Defense has decided to test a Greek invention, which, if everything goes well, would give a greater range of action to tanks with a substantial reduction in fuel consumption. It involved a relatively simple modification of the engine with an additional device. The reduction in fuel consumption, without lowering the horsepower of the engine, is up to and over 35 percent. Its inventor, engineer Athanasios Kargasopoulos, has been advised by the ministry that his device will be tested on engines in the "Stayer" plant. [Text] [Athens ETHNOS in Greek 4 Oct 84 p 7] 9731

CSO: 3521/26

## BRIEFS

SUBMARINE SEARCH IN NORTH--Tromso, 16 Nov--The coastguard vessel "Nordkapp" and a helicopter resumed their search on Friday for an unidentified object in the sea in Indre Billefjord in Porsangerfjorden. A fisherman thought he had observed a submarinelike object in the area on Wednesday and Thursday and reported it, Commander Kare Ritland of the Tromso Naval Defense section informs NTB [Norwegian News Agency]. "The same fisherman also reported it last week, and we started a routine search, but without any results," says Ritland. He characterizes the area in question as unsuited for submarines. Depths vary between 100 and 150 meters, with a very uneven sea bottom. The report from the fisherman was obtained second and thirdhand; it was very vague and had few details. Since "Nordkapp" was in the vicinity, however, a search was begun. The Naval Defense is now waiting for a report from the local police, who will question the fisherman. The Defense Command in northern Norway assumed Friday that the investigation would be concluded Saturday night if no new observations were made. [Text] [Oslo AFTENPOSTEN in Norwegian 17 Nov 84 p 8] 12327

CSO: 3639/33



## HAGGLUND SELLING ITS TERRAIN VEHICLE TO ARMED FORCES AROUND WORLD

Stockholm DAGENS NYHETER in Swedish 16 Nov 84 pp 1, 32

[Article by Thomas Jonsson: "A Swedish Profit Machine; Business Deals and Religion"]

[Text] "Daddy prayed to God about three things: the boys, the heathen--and the factory," says 72-year-old Erik Hagglund about his father, carpenter Johan Hagglund of Ornskoldsvik, who founded Norrland's largest engineering industry.

Johan's prayers were heard; today, Asea-owned Hagglund & Sons is the country's big, unknown, defense industry. The company has become just as great a power in Ornskoldsvik as MoDo [Mo och Domsjo] has always been.

The profit-maker right now is a tracked vehicle which is sold to armed forces all over the world. But Hagglund & Sons is the leading company in the world market for shipboard cranes and hydraulic motors as well--sales have increased 300 percent in 3 years.

In one of the hottest industrial sectors of the economic boom, the unknown giant of the defense industry in this country tripled its sales in 3 years, to more than 1.2 billion kronor last year.

On the Falkland Islands, the British Army is driving tracked vehicles from Hagglund & Sons Inc. in Ornskoldsvik. The U.S. Army drives the same vehicles in Alaska. The Swedish, Finnish, and Norwegian armies have their Hagglund vehicles. The U.S. Navy unloads goods with Hagglund's shipboard cranes, and India is negotiating with the engineering company about a gigantic order of gun trucks.

"Daddy prayed to God about three things," says 72-year-old Erik Hagglund: the boys, the heathen--and the factory.

Father Johan Hagglund started his company in 1899 by making furniture in a barn in the Ovik suburb of Gullangen. He formed the company with seven of his eight sons in 1922. At that time they had moved out of the barn and begun making bus bodies in plywood, for example.

Johan Hagglund died in 1956 at age 90. While he was alive he had breakfast every day with the sons. From the breakfast table the company was controlled

with the sturdy business acumen, which the family always combined with the idealism of its nonconformist religious roots.

"One should not work just to be working. After all, it is necessary to work in order earn money. Otherwise one might just as well not do it," Erik Hagglund says today.

#### Handmade Wooden Chairs

But at the same time the 72-year old retiree commutes to Addis Ababa in Ethiopia, where he is investing in the establishment of a furniture industry in order to provide work for the country's war veterans. Erik Hagglund himself has designed the bamboo furniture, built the machinery for the manufacture at home in the garage, sought out the factory premises, etc.

Toward the end of his life, patriarch Johan made wooden rocking chairs, when he no longer had the strength to be in the "workshop."

"He made eight rocking chairs for the boys and two for acquaintances. Then he made five rocking chairs for the heathen. We had to sell the chairs at auction and send the money to the mission," Erik Hagglund says.

"Once in a while Daddy said: 'Boys, they are having a tough time down there again. Now we have to save and send them money.' Toward the end, when he did not have the strength to fill out the postal check form, we had to do it."

The godfearing carpenter's blessings over the "workshop" seem to have borne fruit--in particular since Asea bought the company in 1972 from the seven industrious sons.

"We have increased the turnover by 300 percent in 3 years, with 20 percent more employees," says managing director Bo Sodersten, who joined the company in 1980.

At the same time, Hagglund's profit before closing the accounts and before taxes went from 18 million kronor to 105 million kronor. The Ovik company is a mechanical general store, where at the moment there is seething life in every assembly hall: tracked vehicles, armored combat vehicles, shipboard cranes, subway cars and commuter trains, hydraulic motors, tunnelling machines, etc.

#### Gun Turrets

Ever since Johan Hagglund and the sons in the late 1950's manufactured their first gun turret for a battle tank, Hagglunds have had a monopoly on light tracked vehicles for the Swedish defense. Today's profit-maker in the company is tracked vehicle 206, which swims and climbs and carries everything from soldiers to missiles and radar screens.

By now, over 5,500 tracked vehicles have been sold since the first one rolled out of the assembly hall in 1980. Last year new orders for tracked vehicles were signed for 360 million. Armies from 15 countries have bought the tracked vehicles. One military delegation after another arrives at the Hagglund factory in the Gullangen city district.

And yet no one in the Hagglund leadership wants to have anything to do with the word defense industry.

"The tracked vehicle is not war materiel but a truck. We make a carrier; the buyer can then add different systems according to his wishes," Bo Sodersten says.

He says that he fantasizes about selling the carrier as a convertible to the beach crowd in California.

### Big Deal

In a large hall Hagglunds converts Centurion tanks for the Swedish Army. Out of another rolls completed tracked vehicles for the Finnish defense, among others. Hagglund's construction engineers, together with construction engineers from Bofors, are designing the armored combat vehicles of the 1990's for the Swedish defense.

"Combat vehicle -90 could become a tremendously big deal. Many hundred million Kronor are involved," Bo Sodersten says.

When it comes to deals, he would like to see Hagglunds as a defense industry:

"The Swedish defense needs a continuing strong partner here in the country in order to solve future problems. In that respect we are prepared to offer our services, together with Bofors."

And Bo Sodersten would like to see Hagglunds receive more export orders for military vehicles. For example, the company sells nearly its entire production of shipboard cranes and hydraulic motors abroad even today. At the same time as the tracked vehicles attract customers, Hagglunds is also trying to make it big with engines and other mechanical equipment for the offshore market.

The Hagglund brothers, anchored in their nonconformist religion, say that they have never regretted that they started to make vehicles for the military, at the same time as they were making busses, cranes and engines.

### Insensitive Customer

"We had to take the orders where they were. If we were to stop delivering to the military, we would have to lay off 1,500 men. With families, it would be 6,000 persons for whom we had responsibility," Erik Hagglund says.

"It was only an advantage that we were able to compete with other weapon manufacturers. The state got it cheaper--and the vehicles had to be made anyway."

The Armed Forces, as a customer insensitive to economic shifts, has helped Hagglund to become just as big in Ornskoldsvik as MoDo, previously the area's only giant company. Now, 3,000 Ornskoldsvik residents work for Hagglund & Sons, just as many as for MoDo. Two of the four municipal councillors in the municipality are former Hagglund employees. Hagglunds is now taking on new people, while the pulp industry has stood still in the last few years.

"In the last few years Hagglunds has been very beneficial for us. When MoDo Mechanical and NCB [Cellulose Company of the Norrland Forest Owners] at Kopmanholmen were closed in 1982, Hagglunds took most of the 700 persons who became jobless," says municipal councillor Vidar Fahlen, Social Democrat.

"It is easier to believe that a future positive development lies with companies such as Hagglunds. The lack of raw material can become somewhat of an obstacle to the development of MoDo."

Today, Hagglund & Sons Inc. is Norrland's largest engineering industry, with the help of Asea's capital, the Armed Forces and the cleverness of the Hagglund brothers:

"We had it under the nails," says Erik Hagglund.

11949

CSO: 3650/56

## LIBERAL PARTY DEFENSE COMMITTEE ATTACKS THINKING IN FORCES

Stockholm SVENSKA DAGBLADET in Swedish 8 Nov 84 p 3

[Op Ed Article by Hans Lindblad, a Liberal Party member of the Defense Committee, who also had a seat on the 1978 Defense Committee: "Defense Bureaucracy Does not Represent New Thinking"]

[Text] To many people it must surely have seemed as if the Defense Committee was executing some strange turns. The image it leaves shows that some members want to bring as much as possible up for debate next year, while others want to delay a final report until the spring of 1986.

In fact, the issue concerns what opportunities should be given to organizations and others to submit opinions before the 1987 defense decision. The Armed Forces have a planning system with long-range perspective plans and five-year program plans. The system originates in ideas taken by Kennedy's defense minister McNamara from industry in an attempt to achieve control over what was happening at the Pentagon.

When the Armed Forces got their planning system in 1970, many believed that the rest of the government administration would follow suit. But this has not been the case, and the mistrust of planning systems has grown. Parliament's way of working--with a one-year budget--is not in tune with the Armed Forces' planning system. Two experts on the planning system wrote in a book 10 years ago, that the "question is whether the most important decisions are not in fact taken when the government chooses the line of action from perspective plan 2, which is to make up the basis for the program plan," which then forms a foundation for the proposal submitted to Parliament.

## No Time for Debate

Parliament is to make the next five-year defense decision in 1987. But if Parliament is to be able to take a stand on a thoroughly prepared bill, the government must have given the authorities--the Supreme Commander, the Civil Defense Board and others--directives concerning this bill in the spring of 1986. This is the so-called program plan which indicates money, organization and other things for the 5 years. When it comes to work, the agencies are considered capable of producing only one thoroughly prepared plan--therefore a meager number of alternatives is the result.

It would be meaningless for the committee to circulate a memorandum for comment in the spring of 1986. For who would find it relevant to reply, since the government has already chosen the alternative which is to be submitted to Parliament? The normal course of study--circulation for comment--bill--parliamentary debate does not fit the Armed Forces with its planning system and its carefully regulated timetable for decision-making. The originators of the planning system allowed no time for debate by outside organizations and others.

It would not even be sensible to circulate proposals regarding security-political evaluations with no direct connection to the defense economy. For decades all defense committees have agreed in their view of the foundations of the security policy, although the parties later had different opinions on the volume of resources to be spent for defense.

Nowadays there is, of course, agreement between four parties on the defense framework as well, since the government last spring raised the latter and the Conservatives simultaneously abandoned their previous demands. Agreement on the security policy has great value because it indicates stability to the rest of the world--the security policy is firmly established, although the country changes governments.

#### Difficult to Break up Unity

Assume that a memorandum was circulated for comment in the spring of 1986 and several advisory bodies had grave objections. In each party people could certainly say that the advisory bodies had indicated something important.

But since unity is considered to have great value in itself, it might still be difficult for a party to concur with the opinion of an advisory body and thus break up the unity. If all the parties included were prepared to make the same adjustment, the matter would be in a different position, but there is scarcely any organ for that.

The parliamentary Defense Committee does not enter the picture until the government has submitted its proposal, in this instance in the spring of 1987. And if the government at that time has backed the committee's evaluation, it would be difficult to imagine that the government-side members of Parliament on the committee would agree to consider opinions from advisory bodies and thus bypass the administration.

#### Obvious Conclusion

The conclusion is therefore obvious. If the organizations and others are to be given real influence, they should be allowed to submit their opinions before the committee has submitted its principal memorandum. From various quarters it was said during the 1970's that it would be desirable to have such an expanded discussion.

The 1987 Defense Committee was appointed 4 years before the 1982 defense decision. It therefore had 3 years in which to work before the government was to give directives to the agencies concerning the program planning. When the committee was appointed, the Falldin government wrote that work was to be conducted with "as much openness as possible and in order to stimulate debate," and circulating documents for comment was expressly stated as one of these opportunities.

In the summer of 1979 the committee issued the partial report "Var sakerhetspolitik" [Our security policy]. It was the first time in modern history that a report from a defense committee had been circulated for comment. For the purpose of stimulating the debate the committee issued the publication "Elva asikter" [Eleven opinions] with contributions from, among others, Alva Myrdal, Gunnar Heckscher and Jan-Magnus Jansson (chairman of the three most recent Finnish defense committees).

Several organizations expended a great amount of effort on their replies. Opinions were received from political youth groups and women's groups, from TCO [Local Government Civil Servants' Union], LO [Federation of Trade Unions], the Peace and Arbitration Association, the Free Church Council, the Christian Peace Movement, the UN Association, Uppsala and Gothenburg universities, the National Federation of Swedish Farmers and a number of agencies.

My experience is that "new thinking" in defense policy is not getting through the planning system to the extent the originators of the system had envisioned. The reason is also obvious. In a giant bureaucracy such as the defense there are too many interested parties who are too rigidly oriented toward guarding their territories, guarding old principles that favor existing solutions.

I have heard how analysts and researchers on staffs or at the Defense Research Institute have said that they tried to bring up new concepts, but the majority of them were stopped by a higher level before the planning documents were submitted to the politicians. In most cases, where the previous defense committee proposed reexamination and shifting of emphasis, the impulses have been routed onto procedure other than according to the planning system.

#### LO and Cruise Missiles

One example is LO's comment on the circulated report, which drew attention to the threat represented by the cruise missile. That was one of several reasons why the committee found it urgent to reinforce air defense in relation to the previous defense decision. A concrete result was that usable Draken divisions should not be dismantled in the next few years but be kept for a considerably longer period.

Unfortunately, the now appointed committee has considerably less opportunity than the previous one to accept opinions via circulation for comment. This is due to the fact that the administration took one year longer to appoint the committee. Where the previous committee had 3 years (to make evaluations as

foundations for the government's program plan directives, 1 year before Parliament must make the defense decision), the new committee has only 2 years to do this.

#### Nothing in the Directives

Also, this time the directives contained nothing about the committee having to work with great openness, and the opportunity to circulate for comment is not mentioned in the directives. The fact that the new committee was given fewer opportunities than the 1978 Defense Committee may perhaps be surprising, since Social Democrats have sometimes also spoken in favor of increased openness in the defense policy.

The new committee, appointed last spring, is therefore unable to submit a specially prepared first report. A year lost is naturally quite noticeable. In order nevertheless to make the best of the situation, the committee should seek to make it easier for organizations and others to submit viewpoints. In the cases where the committee does not have time to penetrate sufficiently deeply in order to make its own evaluations, it should choose the method of pointing out difficult problems, changes in our immediate area and important problems of balance.

The committee should be able to draft various conceivable interpretations and ways of action. In some instances it might even be a certain advantage that the committee asks for opinions before formulating a standpoint of its own. Not until having listened would it make a specific interpretation of an event and indicate the future demands this poses on Swedish security policy.

#### Avoid an Argument

The committee should establish as much of a foundation as it is capable of in the next few months. Whether it then calls this a partial report, a report or a memorandum is a matter of taste. The most interesting advisory comments will then obviously come from those organizations and organs which have the capability of making independent evaluations in various respects and adding further material, taken from the Swedish or foreign debate. The essays--tentatively presented at Gallofsta--which the committee commissioned from researchers and experts will surely also contain a great deal that ought to stimulate thinking and discussion.

One argument we should not have to put up with, and this is that security policy should not be discussed in an election year. It is an impossible idea that in a democracy there should be issues which should not be dealt with in public debate during the years when people go to vote.

11949

CSD: 3650/56



## JAS PROJECT SUFFERING SERIOUS 'BRAIN DRAIN' AS EXPERTS QUIT

## Government Agency Loses Personnel to Industry

Stockholm NY TEKNIK in Swedish 8 Nov 84 p 11

[Article by Lars Eriksson: "JAS Head: Industry Able to Pay More"]

[Text] Thirty-one of two hundred persons have quit the FMV's [Defense Materiel Agency] aircraft division in the last few years. Among them are several key persons who were to supervise construction of the JAS aircraft.

"They are underpaid," in the opinion of Sven-Olof Hokborg, who is head of the JAS project at FMV.

"We were not able to develop in our profession," maintains Ulf Clareus, who went over to Saab.

FMF, the Defense Materiel Agency, which is responsible for government supervision of the JAS project, has lost a large part of its experts.

Up to now, 31 persons out of the 200 in the JAS group have left FMV and more intend to do so.

Sven-Olof Hokborg, who directs the JAS work at FMV, believes that the consequences may become serious if the personnel drain continues.

It is FMV which is responsible for purchasing the JAS planes, that is to say the government's representative vis-a-vis the industry. An advanced job, which requires highly qualified personnel.

There are 10 vacancies in FMV's aircraft division today. And more resignations are said to be in the works.

"Today's situation is not exactly critical, perhaps, but it is certainly tough," sighs Sven-Olof Hokborg.

"Many of the top people have resigned. People with 10-15 years' experience, who are not that easy to replace. In a way one should perhaps be pleased that many have gone over to the industry working with the JAS. Then we know that the competence is there."

## Salaries

Sven-Olof Hokborg sounded the alarm to the government concerning the personnel situation as early as the beginning of the year. This had the result that today FMV has been given greater freedom to set competitive salaries through the supplementary market rate of pay which highly qualified civil servants are now able to get. And it is primarily salaries that are the issue, according to Hokborg:

"Yes, salary increases of 30-50 percent have been known to happen, that is to say 3,000-6,000 kronor more a month from industry, and we cannot compete with that."

Hokborg is of the opinion that additional measures are needed. Offering executive-level salaries was not sufficient, in any event.

Of those who have quit FMV so far, 22 have gone to the aircraft industry.

"This creates problems," Sven-Olof Hokborg says.

"As soon as someone intends to go over to industry, which is our opposite party, that person is no longer suitable for working with matters concerning IG [industrial group] JAS in our outfit."

IG JAS is the industrial group that works with JAS. It consists of Saab, Volvo Flygmotor [Aircraft Engine], FFV [Swedish National Industries Corp.] and Ericsson Radio Systems.

Sven-Olof Hokborg looks down at his desk, where pictures of some of those who have left FMV are lying:

"When I see this crowd, I realize what talent has disappeared from FMV. It will be almost impossible for us to recruit outside personnel with the requisite experience."

"The JAS group here is one of the most highly qualified organizations in the world for purchasing technology."

The question is only for how long. On Sven-Olof Hokborg's desk, where a model of the JAS is standing, the resignations continue to pile up.

### Salary not Most Important

Stockholm NY TEKNIK in Swedish 8 Nov 84 p 11

[Article by Anders Wallerius: "The Project Leader Who Quit: 'Salary not Most Important'"]

[Text] Ulf Clareus is one of the key figures who left FMV. In October 1983 he quit his position as head of the aerodynamic design of the JAS. He was also one of the six project managers at FMV for the aircraft.

Ulf Clareus is now working with largely the same things but at Saab, which is the major supplier for the JAS.

"The resignations are being touted as a matter of money. Personally, I don't think the salary is the most important thing," Ulf Clareus says.

#### Stagnated

"I was at the age of approaching 40. Then you have to decide whether to remain sitting there, perhaps forever, or to move on."

"I felt I had stagnated technologically at FMV and was no longer able to develop in my profession. And then I got the offer from Saab. It was important to grab it, since the chance is not likely to come back. There will probably not to be another major aircraft project in a good while."

"At Saab I have the opportunity to realize what I had previously been drafting. I would definitely not have been allowed to do that at FMV."

Ulf Clareus is of the opinion that the reason for the resignations lies in the JAS contract between the state and industry. The contract is very firm and detailed, in which more or less everything is regulated in advance. Industry must then do all the work by itself.

"From the moment the JAS contract was signed, there was nothing for the technicians at FMV to do but to sit and wait until the crate is ready and standing there on the tarmac. It can't be a lot of fun to sit there under such conditions. The only thing one is allowed is to drive to Saab in Linköping and have lunch once a month."

#### Concluded

"JAS was somehow a concluded phase for FMV once the contract was written. At that time many of us wanted to go on and develop personally in our professions. At FMV you have no opportunity to keep up with the technical development."

Other than that, FMV is quite a good place to work, Ulf Clareus says. He himself had a high position with great freedom to do what he wanted. And toward the end his salary was quite high. So it was not as a demonstration against the working conditions that he left FMV.

"Here at Saab I have largely the same tasks as at FMV. But I'm allowed to penetrate deeper into technology. I have learned a great deal from this and been given the opportunity to develop technically."

JAS stands for Jakt-Attack-Spaning [Pursuit-Attack-Reconnaissance], an all-round system which is to replace all the versions of Viggen.

The first experimental aircraft is to be in the air in 1986, according to plans, and in 1992 the JAS planes will begin to be delivered to the Air Force.

The fact that Viggen has to be replaced by a new aircraft as time goes on was something most people agreed with. The question was only where and how.

One proposal was the B3LA, a light aircraft, which went through many changes in the course of the discussions, in order finally to be scrapped in 1979. There was also a proposal for purchasing a foreign (U.S.) aircraft. But after many turns, Parliament made the decision in June 1982 to back a domestic construction which became JAS Gripen.

It is the FMV, the Defense Materiel Agency, which is responsible for supervising the JAS work by the industry.

11949

CSO: 3650/56

## BRIEFS

AMRS EXPORT CONTROL BOARD--An advisory board for the export of arms ought to be appointed already at the turn of the year. The board will be made up on a parliamentary basis. This is recommended by the government in addition to broadening the open accountability of Swedish arms export. The background to this is that the Advisory Council on Foreign Affairs--which usually reviews export matters--does not have sufficient time to undertake this examination. The Advisory Council on Foreign Affairs will continue to review other large export matters. [Text]  
[Stockholm DAGENS NYHETER in Swedish 9 Nov 84 p 8] 9349

CSO: 3650/46

## POLAND'S JARUZELSKI DISCUSSES TRADE NEEDS WITH VAYRYNEN

## Human Rights Situation Discussed

Helsinki HELSINGIN SANOMAT in Finnish 29 Oct 84 p 7

[Article by Kyosti Karvonen: "Vayrynen Begins Official Visit to Poland: Finland Complains About Trade Situation"]

[Text] Warsaw—Trade with Poland, which shows a big deficit for Finland, was the chief topic of discussion on Monday, the opening day of Foreign Affairs Minister Paavo Vayrynen's official visit to Poland.

Foreign Affairs Minister Vayrynen said that he had expressed great dissatisfaction with the trade imbalance in official discussions with Foreign Affairs Minister Stefan Olszowski.

It is estimated that this year's trade deficit will amount to nearly a billion, or the same figure as last year. During that period Finland imported over 900 million markkas worth of goods from Poland and exported a little over 100 million markkas worth to Poland. Economic relations are otherwise on a rather weak footing since Poland's share of Finland's trade has dropped from 2 to less than 1 percent in a few years time.

Vayrynen said that his official counterpart had expressed Poland's desire to balance and expand trade. The energy conservation and construction supplies industries, the construction materials and cellulose industries and port lifting and transport equipment, among others, offer opportunities for Finnish firms.

Bargaining along with Vayrynen is also a delegation of businessmen, which includes Partek general manager Sakari T. Lehto, Kone Oy general manager Pekka Herli and Imatran Voima [Imatra Power Company] operations manager Kalevi Numminen.

Limited Finnish possibilities for offering favorable loans as compared, for example, with Austria and, on the other hand, the demands Poland is making for reciprocal purchases are problems in the expansion of exports. Trading has not even panned out at the company level inasmuch as the Poles did not have information on the tariff advantages provided by the KEVSOS [expansion unknown] agreement.

## Polish Situation Raised

Vayrynen said that Olszowski had shed more light on Poland's domestic situation during the talks, on the kidnapping of Father Popeliuszko, among other things. Vayrynen felt that it was essential for the officials to explain the episode and that they had condemned it.

In Vayrynen's opinion, events that occurred in Poland last year have hampered economic cooperation between the two countries. For example, there had earlier been interruptions of coal deliveries and the Finnair flight connection with Warsaw was not restored until the first Monday flight. Vayrynen said that relations were otherwise irreproachable.

The visa situation was also discussed during the talks. According to Vayrynen, Finland wants the freedom to obtain visas, which was terminated when martial law was imposed in 1981, to be restored, but Poland does not want to fully restore it yet. The matter will, however, be looked into at the level of government officials.

## Human Rights on a General Level

According to Vayrynen, the Finnish delegation raised the question of human rights in Poland, but they did not go into details on a general level. Finland is a member of the UN Human Rights Commission, on which Finland has abstained from voting on issues involving Poland, but it does, on the other hand, assume that Poland will cooperate with the commission.

A number of international political topics were raised in a normal way during the talks. For example, Olszowski explained to Vayrynen Poland's relations with both Germanies, whose rapprochement is apparently making the Poles nervous.

According to Vayrynen, Poland may consider a foreign affairs ministers conference to be appropriate at the level of the 10th CSCE Anniversary Conference to be held next year in Helsinki on condition that the opportunity to participate at the highest level is not excluded. This position is the same as the one maintained by Czechoslovak Foreign Affairs Minister Bohuslav Chnoupek at the conclusion of his recent visit to Finland.

In his dinner speech Vayrynen stressed the absolute authority and complexity of the CSCE process. According to the foreign affairs minister, in addition to security matters it is important to promote balances in economic cooperation, on human rights issues, in human contacts and in cultural cooperation as well.

## Rare Visit

Vayrynen's trip to Poland is a rather rare event since there has been no throng of Western politicians in Poland. Only Austrian Foreign Affairs Minister Leopold Gratz and Greek Prime Minister Andreas Papandreou's recent visits are on the list. Former speaker of Parliament Johannes Virolainen also visited Poland during the martial law period.

Vayrynen is to meet with Polish party leader and Prime Minister Wojciech Jaruzelski today, Tuesday. The visit will end Wednesday.

#### Food Exports Main Topic

Helsinki HELSINGIN SANOMAT in Finnish 31 Oct 84 p 13

[Article by Kyosti Karvonen: "Poland Interested in Finnish Food Supplies; Vayrynen Meets with Jaruzelski"]

[Text] Warsaw—On an official visit to Poland, Foreign Affairs Minister Paavo Vayrynen met with Polish Prime Minister and party leader Wojciech Jaruzelski on Tuesday.

According to Vayrynen, during the meeting, which lasted over an hour, they concentrated on matters involving the two countries and especially on Finland's deficit trade balance. The minister of foreign affairs said that Jaruzelski had made particular mention of the food industry, the opportunities for cooperation offered by which there would be good reason to look into.

During the meeting, Jaruzelski also discussed Poland's domestic difficulties and the measures to overcome them. According to Vayrynen, the prime minister was confident of a favorable continuation of political and economic developments.

Vayrynen nevertheless hastened to stress the fact that the main emphasis in the talks was on matters involving the two countries. Among international issues, primarily the situation in Europe was raised.

Vayrynen commented on his visit, saying that the decision to make it was made ages ago and that the final confirmation arrived last spring.

In Vayrynen's opinion, many countries have politically distanced themselves from Poland. In any case, the vacuum surrounding Poland is to be filled, since the foreign affairs ministers of England, Italy and West Germany are coming to visit in the near future.

Vayrynen said that Jaruzelski reminded him that President Mauno Koivisto and Prime Minister Kalevi Sorsa have valid invitations to visit Poland.

A visit to Warsaw's old city was on Vayrynen's Tuesday program. He also met with United Peasant Party chairman and Deputy Chairman Roman Malinowski and the deputy speaker of the parliament or Sejm.

Foreign Affairs Minister Vayrynen's visit to Poland ends today, Wednesday.

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CSO: 3617/26



## PRIME MINISTER WARNS OF ECONOMIC TRENDS

Reykjavik MORGUNBLADID in Icelandic 23 Nov 84 p 9

[Text] "Not enough saving, and continuing consumption of our economic resources, causes trade deficits, which are the most serious problem in the Icelandic national economy today. That problem must be solved," said Prime Minister Steingrímur Hermannsson yesterday evening in a policy speech in the Althing.

Among the topics which the prime minister emphasized, we print the following below:

--High interest rates will be a problem if they are allowed to continue for a long time. The main conditions for decreasing actual interest are a lessening of inflation and a balanced money market. The government would like to see measures taken very soon against increases in actual interest, as the wave of inflation phases out, and has asked the Central Bank for suggestions to be considered which would support this.

--A wave of higher prices always follows in the wake of standard of living agreements. Domestic production goes up in value, especially when salaries are a big factor in production costs.

--All probability indicates that fishermen will be improving their living standards without delay. The farmers will come after the other lines of work, which will cause large increases in the cost of agricultural products by the first of December.

--The foundation of business operations ought to insure and maintain job security. We ought to try again for steadiness in the exchange rate and follow through with that policy into 1985.

--The standard of living will not become lower in 1985 than it is this year. The government will try to protect purchasing power by increasing payment of general insurance, lowering taxes on some necessities and lowering the income tax.

--A large trade deficit and a heavy burden of foreign debts make it necessary for our government budget to become almost deficit-free in the next year. We must be extremely sparing in taking out foreign loans.

--In order to subsidize the fisheries to some degree, national taxes on oil, both payable to the government and to the rural authorities, will be phased out for the most part. Accumulated sales taxes from the fisheries will be repaid beginning 1 January, in order to put the Resource Insurance Fund back on its feet.

--The regulations for taking out loans from the Housing Board will be reexamined, and payments may increase for people who construct dwellings of a more appropriate size or value for the first time.

--The government will attempt again to cut back on inflation in the second half of 1985.

Among the figures mentioned by the prime minister in his policy speech, we reprint the following:

The average increase in prices from 1984 to 1985 will be 26-28 percent, while the price increase throughout 1985 will be about 20 percent, instead of the 9-10 percent which was planned for in the annual budget estimates. On the other hand, it is expected that the rate of inflation will slow down, rather like it did before the standard of living agreements, at the end of 1985. Much depends on better management in the next standard of living agreements, so that an improving standard of living can be insured on a firm basis in 1986 and in the years to follow.

The prime minister said that national production was down for the third year in a row. This decreasing trend has gone on for longer than has been the case in Iceland for thirty years. "It is presumed that we have now hit the bottom of the trough, and economic growth ought to start up again next year, albeit slowly," Hermannsson said.

It is important, the prime minister said, to pave the way for new, high-technology business. The government has pledged itself to support research and development activity with the aim of creating new businesses.

9584

CSO: 3626/6

## PAPER DISCUSSES HARD ECONOMIC CHOICES FACING GOVERNMENT

Reykjavik MORGUNBLADID in Icelandic 23 Nov 84 p 24

[Editorial: "Government Offers Negotiation Policy"]

[Text] The government opposition parties have been hammering on the fact, the last few weeks, that the government's dependability was starting to unravel, and that its time was running out. The dice fell differently last night in the policy speeches to the Althing, which came into the living room of every Icelander, in speech and picture, yesterday evening. The spokesmen for the governing parties were unanimous in their approaches to the problems that we face.

Thorsteinn Palsson, the chairman of the Independence Party, said that it was most urgent to immediately begin new preparations for national negotiations, in three phases of discussions between the governing powers and participants in the labor market, with a renewal of the cost of living agreements for next year in mind--and a renaissance for our businesses and living standards.

Prime Minister Steingrimur Hermannsson said that it was expected that the rate of inflation would be brought down by the end of 1985 to the level of the time before the standard of living agreements. "Much depends on it," he said, "that we manage the next standard of living agreements better than the last ones. We need to place emphasis on making sensible agreements, which will support the slowdown of inflation and the improvement of living standards on a firm basis in 1985 and in the years to come. The government will invite the participants in the labor market to negotiate concerning the preparation of these agreements."

We have attempted to guard against inflation. The level is probably down to the same level as in the nations with which we compete, and we are aiming towards steadiness in price levels and the economic arena, but the year will not come as close to our expectations as we had thought. In order to prevent further delays, it is necessary to try new methods in negotiations, involving long-lasting standard of living improvements, but without giving free rein to inflation.

Thorsteinn Palsson said that it was urgent for us to take our first steps toward decreasing income taxes. This would support purchasing power, if taxes or import fees were brought down, as well as encouraging a more conservative exchange rate policy, which would keep prices down. These actions, plus the restructuring of the housing loan system, would be very important in the national negotiations which have to be made to bring our economy out of the problems we are having.

Thorsteinn Palsson spoke of the intended granting of funds to businesses. It could be justifiable, in order to insure a healthy cooperation between the governing parties and the opposition parties, to put together a committee of these people, plus, possibly, representatives from the labor market, in order to work out levels for changing income in this country, as well as the proportions of salaries relative to prices and national income, so that the facts of these matters can be made clear to everyone.

The economic conditions which have affected the common man so deeply, as far as living standards go, are associated with the costs of the debts which we Icelanders owe abroad. This burden of debt has increased by a factor of five since 1972. This means thousands of millions of kronur to be paid out abroad, which will affect the purchasing power of our national income correspondingly, and which has not encouraged economic growth in our nation. Quite the contrary. No political party bears as much heavy responsibility for this debt accumulation as the People's Alliance does.

The government spokesmen emphasized restructuring on the business scene, stronger support for traditional lines of work, and the creation of new ones. Job security and living standards should not be allowed to affect each other negatively. Experience shows that increased independence given to business leads to the most progress and general growth. Proceeds from this need to be used to build up the welfare system, among other things, since welfare is the precondition of our living satisfactory lives as a united people.

"A new rising trend for businesses and living standards does not begin in an atmosphere of domestic strife, but rather with agreements between classes and sectors." These words of Thorsteinn Palsson, who put great emphasis on national negotiations in his speech, have something to say to all well-intentioned people.

9584

CSO: 3626/6

## COUNTRY'S INTERNATIONAL CREDIT RATING SINKS

Reykjavik MORGUNBLADID in Icelandic 22 Nov 84 p 5

[Article: "Iceland Enjoys Lowest Credit Rating of Western European Countries"]

[Text] Iceland is among those countries in Western Europe with the lowest credit ratings on foreign loan markets, if we may credit the conclusions of two esteemed financial periodicals, INSTITUTIONAL INVESTOR and EUROMONEY. According to the former periodical, there are three countries with a lower credit rating than Iceland. These are: Greece, Portugal and Turkey. And according to the latter periodical only Turkey has a lower credit rating than Iceland. Iceland's credit rating is in the view of the experts of the two periodicals similar to what it has been but slightly better than 6 or 12 months ago, according to the conclusions of INSTITUTIONAL INVESTOR. These conclusions were published in the periodicals in September and October, that is to say, before the recent wage settlements. They are discussed in the most recent number of the weekly VISBENDING, published by Kaupthing Incorporated.

Officials of 75 to 100 international banks are asked by INSTITUTIONAL INVESTOR twice a year to evaluate the credit rating of 109 countries on a scale of 0 to 100. Iceland was in 35th place in the September issue of the journal and was 36th in March. Iceland received the evaluation of 52.1. The average for all countries was 39.9. The countries immediately above Iceland are Bahrain (31), Qatar (32), Algeria (33) and Thailand (34). The countries immediately below Iceland are Greece (36), Oman (37), Indonesia (38), Trinidad and Tobago (39) and Portugal (40). In Western Europe, all countries increased their credit ratings with the exception of Greece. Those that most improved their credit ratings were Turkey, Denmark, Portugal and Spain. The average evaluation for Western European countries was 71.8.

EUROMONEY's method was to evaluate countries in three areas:

--How quick is their access to international financial markets?

--How good are the loan conditions that each country obtains (bank loan charges and loan periods)?

--How much must the credit notes be discounted below their nominal market value?

Of the 93 countries that were evaluated on this basis, Iceland ended up in the 40th place with an evaluation of 63.1, Turkey was number 42 with 59.9, Greece was number 29 with 71.7 and Portugal number 37 with 65.4.

EUROMONEY also evaluated the economic activities of countries, measuring those characteristics that are considered the best to show the ability of national economies according to the journal. These characteristics include economic growth, inflation, foreign exchange in terms of special drawing rights (SDR), the trade balance as a proportion of gross national income and the increase of export income. The evaluation of these characteristics is for a 10-year period, from 1974 to 1984. When these criteria were taken into consideration only 9 countries out of 93 came out worse than Iceland during this period, with Iceland in position 84. Below Iceland were Uruguay, Uganda, Peru, Brazil, Zaire, Ghana, Bolivia, Israel and Argentina.

Among the group of 27 countries considered to be at the same level of development as Iceland, only the performance of Israel has been worse. Both countries are included among the 10 worst inflation countries in the world. In addition, the Icelandic kronur is among those 10 media of exchange in the world that have fallen the most in terms of SDR during the period 1974-1984. The average loss of value per year during this period was 28.02 percent, according to EUROMONEY's figures.

Those countries that are in the best positions according to the view of both financial publications are: the United States, Japan, Switzerland, Germany and Britain in INSTITUTIONAL INVESTOR, and also Australia, Canada, Sweden and Finland in the view of EUROMONEY.

According to VISBENDING--the editor of the weekly is Dr Sigurdur B. Stefansson, Kaupthing Incorporated economist--with regard to these results, the credit rating of Iceland is nonetheless adequate to secure foreign loans according to need at prevailing conditions. The weekly also notes: "It is not to be expected that the Icelandic national economy, which is the 10th worst of 93, can secure comparable conditions to the economies of those countries that are most often compared with Iceland. Those characteristics discussed here are to be sure not universal--they are measures only of economic virtue and it may well be that they are not so important after all."

There is reference in VISBENDING to the negative national reputation that Iceland has gained on account of the September and October strike, and the journal goes on: "Some, perhaps, are unconcerned about what foreigners think about our ways of doing things. But while we spend the money saved by foreigners (while the trade deficit is more than 2.5 percent of national production) and while we have an extremely high proportion of foreign debt compared to other countries, we will not be able to control debt, interest and foreign exchange--the value for labor, for financing and foreign currency--as much as we would like."

## FUEL PRICES RISE FROM 13 TO 28 PERCENT AFTER DEVALUATION

Reykjavik MORGUNBLADID in Icelandic 24 Nov 84 p 48

[Article: "Gasoline and Oil Go Up Today: Increase of from 13 to 28 Percent; A Liter of Benzine Costs 25.80 Kronur"]

[Text] It was resolved at a meeting of the Pricing Council yesterday to authorize an increase in the prices of benzine, gasoline and fuel oil today. Benzine now costs 25.80 kronur a liter, an increase of 13.6 percent. Gasoline increased by 20.2 percent and fuel oil by 28.4 percent. The increases were approved by a vote of 5 to 3. Delegates of the National Union of Iceland and of the Association of State and Municipal Employees on the Council voted against the increases.

A request of the oil companies to increase the price of benzine from 22.70 kronur per liter to 27.10, or by 19.4 percent, had long lain before the Pricing Council. It was resolved to allow an increase to 25.80 kronur, or by 13.6 percent. The oil companies wanted an increase in the liter price of gasoline of from 8.90 kronur to 12.40, or by 39.3 percent, but it was decided to allow them to increase the price per liter of gasoline to 10.70 kronur, or around 20.2 percent. The oil companies then requested to be allowed to increase the price of fuel oil from 8,100 kronur to 12,000 per ton, or around 48.1 percent. The Pricing Council, on the other hand, allowed them to increase the price to 10,400 kronur, or by 28.4 percent.

Georg Olafsson, pricing chairman, said in an interview with MORGUNBLADID reporters yesterday that the major reasons for the increases in benzine and oil prices was the increased value of the U.S. dollar. It had increased by 35 percent since the last time benzine and oil prices were set. He said that the differences between what was requested by the oil companies and what was granted by the council was due first and foremost to the fact that the Pricing Council foresaw a more favorable repayment of the deficit in the so-called purchase balances of the oil companies. The oil companies have assumed in their proposals that the deficit would be balanced in 3 months but the Pricing Council has lengthened that time to 9 to 10 months. Georg Olafsson also said that the oil companies' assessment on benzine and oil had been cut somewhat, or around 20 eyrir per liter for both benzine and gasoline.

9857

CSO: 3626/8

## FISHING FLEET OWNERS WORRIED ABOUT FUEL PRICE HIKES

Reykjavik MORGUNBLADID in Icelandic 24 Nov 84 p 48

[Article: "Shipowners Expenditures Increase by Around 400 Million Kronur"]

[Text] The 20-percent increase in the price of gasoline and the 28-percent increase for fuel oil has resulted in a 400 million kronur increase in expenditures for shipowners, according to Kristjan Ragnarsson, chairman of the National Association of Icelandic Shipowners. It was resolved at a general meeting of the Association that took place yesterday to oppose these increases strongly and to direct the Association representative on the Pricing Council to approve only fish prices that are secure prices supporting these cost increases.

There was much discussion of oil prices at the general meeting and the proposal emerged, among others, for a shipowners' oil company, "OLIU." A proposal of Emil Thorarensen from Eskifjordur to this end was rejected at the general meeting, but he said shipowners no longer had any reason to support three oil executives. The proper thing to do would be to combine the oil companies into one, preferably under the control of the National Association of Icelandic Shipowners. As things are now, there are in nearly every village a church, a school, a community hall and three petroleum stations. Three are not needed everywhere.

Einar Kristinsson from Keflavik said that the proper thing would to aim at the establishment of a shipowners' oil company. Politicians, who are not always equally wise, hitherto have been and still are laying the blame on the shipowners, both for their governmental decisions, for devaluations and for other kinds of economic actions. The situation with shipowners is now such that if they do not take the reins into their own hands they will be reduced to beggars. Taking action will prevent shipowners from being hung in place of politicians, who bear all the blame.



## PAPER SEES LABOR DEMANDS RESULTING IN RENEWED INFLATION

Reykjavik MORGUNBLADID in Icelandic 2 Nov 84 p 20

[Editorial: "Losing the Balance"]

[Text] When inflation begins increasing at a considerably more rapid rate, politicians squabble about what method is best to conquer it. Two major methods have proven successful in the end: The gradual method, which the progressives followed until Steingrimur Hermannsson became prime minister, and the blitzkrieg method, first introduced by the Independence Party after the 1979 elections. After the gradualists formed a government in February 1980, inflation increased steadily and the purchasing power of wages plunged correspondingly until everyone had had enough in the Spring of 1983. After the elections, the Progressives abandoned their policy, formed an alliance with the Independence Party and set about conquering inflation all at once.

While the biggest struggle was about which method would be more successful in the battle against inflation, persons both within and without the Independence Party insisted strongly in the propaganda battle that the party was in danger, that the blitzkrieg forces with the apostles of liberalism at the head of their troops had seized control and intended out of idealistic perversity to use it in the interests of profiteers at home and abroad. After the success of the policy became clearer, after inflation decreased and there was more balance, the attack fell off and finally became silent. In the wage agreements of February 1984 the unions gave the government room to continue as it had.

The outcry that arose in wage negotiations right after the government's demands were made clear showed that in some cases, on the other hand, the government had been wrong about its assumption that workers were in agreement with wage cuts which unsuccessful in gaining broad support for insuring purchasing power through moderate and fair wage increases. Patience was exhausted in this area and in addition there was the added complication of intolerable operating losses in fisheries. The government was unsuccessful in maintaining the needed balance in its economic activities.

In view of the situation that now stands before us, we will have to turn over in our minds how much support there is for the so-called tax cut method among those in favor of the major conceptions behind it, that through moderate

wage increase and tax cuts we will be better able to guarantee purchasing power than by rapidly increasing the number of devalued kronur in pay envelopes. Although this approach has been well received and the Progressives have made their contribution so that it has been better viewed due to association with the name of the prime minister, this approach has had to give way before the wage increase approach when wage agreements were made. To be sure, we must have doubts that the government will be successful in filling a large hole created by the tax cuts due to the fact that it will also suffer and the facts show that very few financial holes were filled last spring.

What do we see when we look at the views of public employees of the Union of State and Municipal Employees on wage agreements made recently? There is nothing good there and very few things to be pleased about. The people have not forgotten their inflation experiences. To assure oneself of that it is sufficient to read the interviews with Union of State and Municipal Employees members in yesterday's MORGUNBLADID: "In addition I am convinced that there will be a foreign exchange reduction after the beginning of the year that will make this wage increase into nothing. And I am very displeased with that," said Trausti Hermansson, tax auditor. "I would have preferred that the tax cut approach were used, since I am afraid that what we have gained now will soon evaporate in inflation," said Sveinn Erlendsson, policeman. Also Inga Gudmundsdottir, post office cashier, said that she was afraid that inflation will gain ground rapidly and negate the increase.

It has taken a long time to learn from experience in relation to inflation and the experience was dearly bought for the nation. It will likely take a longer time, and the experience will be even more dearly bought for each and every wage earner, for politicians and labor leaders to find the most sensible method for creating the needed balance and to guarantee purchasing power without inflation.

9857

CSO: 3626/8

## BRIEFS

INFLATION RATE PREDICTIONS FOR 1985--The rate of inflation next year will most likely be between 26 and 28 percent on the average. During the first quarter of 1985 it could be still more or up to 40 percent, according to the report of Halgrimur Snorrason, National Economic Institute economist. "Our projection is based on the wage agreements that have been made and on the change in the rate of foreign exchange that has been announced," he said. "Accordingly, we assume that prices could be twice as high as expected. The greatest increases will take place initially but will moderate later. There are certain reservations with respect to these projections. Among other things, the projections have been made based upon known agreements and could easily change if, for example, they were made during the second half of 1985. Changes in taxes, customs, state payments and monetary developments could certainly change the figures," said Hallgrimur Snorrason. [Text] [Reykjavik MORGUNBLADID in Icelandic 21 Nov 84 p 72] 9857

PRICE IMPACT OF DEVALUATION--Through the devaluation agreed upon on Monday the price of imported goods will increase, by and large, from 13 to 15 percent. In a check made by MORGUNBLADID yesterday on some kinds of home appliances and on other goods the increases were between 11.8 and 15.6 percent. The "ordinary Volvo car," that is, Volvo 244 Deluxe 1985, now costs 592,000 kronur, an increase of 15.6 percent. A washing machine of common size and model costs 22,564 kronur, an increase of 15.2 percent. One kind of drier costs 19,736 kronur, an increase of 14.5 percent. A medium sized refrigerator costs 19,126 kronur, an increase of 12.8 percent. A 300-liter capacity freezer in one shop costs 22,289 kronur, an increase of 13.4 percent. A 22 inch television set of a common kind costs 40,800 kronur, an increase of 11.8 percent and a videotape machine of a common kind costs 44,500 kronur, an increase of 14.4 percent. [Text] [Reykjavik MORGUNBLADID in Icelandic 21 Nov 84 p 72] 9857

CSO: 3626/8

## BRIEFS

UREA PLANT FOR INDIA--The Snamprogetti Company, of the ENI [National Hydrocarbons Agency] Group, has obtained a contract to design, provide and install a fertilizer production plant to be built in India. The job order, awarded by National Fertilizer Ltd of New Delhi, involves two urea plants under Snamprogetti license that are to have a capacity of 1,100 tons daily each and that are to be built at Bijaipur in the state of Madhya Pradesh. Under the terms of this contract, Snamprogetti will furnish the license, the basic engineering, the procurement, inspection and testing of materials and equipment to be imported into India, as well as the supervision of the detailed engineering, from assembly to startup of the plants. [Text] [Rome NOTIZIARIO DELL'ENEA in Italian Aug-Sep 84 p 94] 9238

CSO: 3528/15

## BUSINESS BAROMETER INDICATES SLOWER GNP GROWTH AHEAD

Oslo AFTENPOSTEN in Norwegian 17 Nov 84 p 5

[Article by Bjorn H. Tretvoll: "Growth Expected to Decline"]

[Text] The recent business upswing now shows a clear tendency toward leveling off. This is the main conclusion in AFTENPOSTEN and the Market and Media Institute's business barometer for October, which for the most part indicates small changes in relation to the previous study in May. People's opinion of the job market situation is characterized by pessimism, and a good 57 percent of those asked believe that the number of unemployed will rise in the course of the next 6 months.

Expectations about the future price trend point slightly in the direction of a lower barometer reading, while the barometer indicates better prospects for both the individual's economic situation and the general economic development. The business barometer in May showed 96, and the reading for October was just a shade higher at 97.

The business barometer is computed on the basis of an interview survey which includes a series of questions about various aspects of the economic development. The basis for the barometer reading itself is the answers to three of these questions which concern people's expectations about the price trend, the general economic development and the individual's own economic situation.

#### Leveling Off

Since the rock-bottom reading in January of 1983, the barometer has mostly shown a rising trend in keeping with the improvement in the business situation which has taken place. This year, however, the barometer clearly indicates that people's expectations go in the direction of declining growth and that the recent business upswing is on the verge of leveling off.

From May to October there are small changes in expectations about prices, but a significant change in people's opinion of the price trend has occurred from the period 1981-82 to 1984. While the survey for December of 1981 indicated that a good 48 percent counted on a further intensification of the price increase in relation to what they had experienced during the year, there were

only 9 percent in October of this year who believed that the rate of the price increase was on the way up.

#### Moderate Inflation

The October figures show that roughly two-thirds of those asked continue to believe the inflation rate will for the most part keep at the same level. Belief in a continuing decline in the rise of prices is reduced from 31 percent in May of last year to 20 percent at this moment. This conforms well with the actual development. After a significant decrease in the inflation rate, it now appears that this decrease is on the point of coming to a halt.

The changes in relation to the May survey are also small for the two other questions which form the basis of the barometer computation. Twenty-four percent of those asked in October believed in a continuing improvement in the economic situation, as opposed to 23 percent in May. While in May 16 percent feared a deteriorating economic development over the next 12 months, this share came to 14 percent in October. There is also a slightly optimistic trend from May to October with respect to the outlook for the individual's own economic situation. Twenty-four percent believe in an improvement and 12 percent fear a deterioration in the next 12 months, according to the October figures. The corresponding figures in May were 22 percent and 13 percent.

#### Unemployment

At the same time, the October survey indicates that a marked skepticism with regard to the prospects for a reduction in unemployment continues to assert itself. If one looks ahead 6 months, a good 57 percent of those asked count on an increase in unemployment. The corresponding figure in May was 44 percent, but normal seasonal variations usually bring about a rise in unemployment as winter approaches. The October figure is clearly lower than the corresponding figure from November of last year, when a good 74 percent of those asked believed in a higher number of jobless workers.

If one looks at people's expectations for the development in the job market a year from now, there is a tendency for an increasing share to believe that unemployment will decline. But 48 percent in October feared just the same that the unemployment figures in 12 months will be higher than today. The corresponding share in November of last year was a good 66 percent. At the same time, there is an increase in the share of those who believe in fewer jobless workers from 14 percent in November of last year to 23 percent in October of this year. From May to October, however, this share has decreased from 24 to 23 percent.

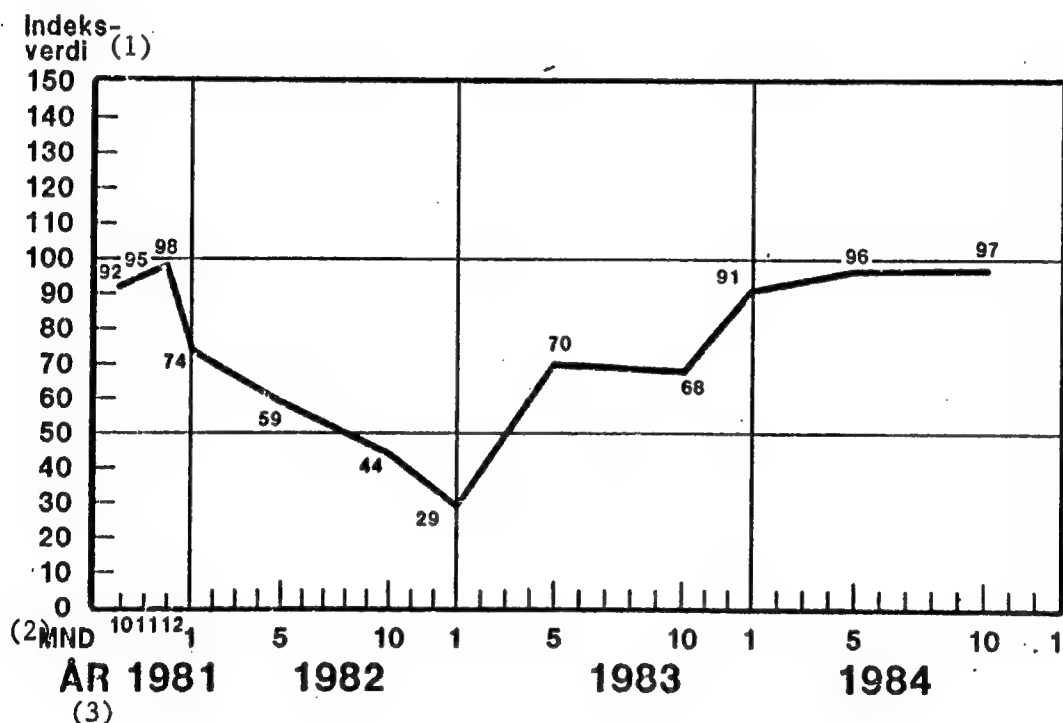
#### Conservatives Optimistic

If the answers are classified according to the party affiliation of those questioned, there is a clear tendency for Conservative Party voters to be considerably more optimistic than those who say they will vote for the Labor Party. A good 34 percent of the Conservative voters questioned believed in lower unemployment a year from now, while only 13 percent of the Labor Party voters felt unemployment will decline.

The October survey shows that 28 percent of those asked feel the time is favorable for buying larger consumer goods like furniture and electrical household appliances. On the other hand, 24 percent felt it was not a suitable moment for such purchases. This represents relatively small changes from the May survey when 25 percent believed the time was favorable and 29 percent thought it was unfavorable for such purchases.

Looking ahead 5 years, 45 percent of those questioned believe that Norway's economic situation will be improved. But 12 percent of those asked feel that the country's economy will become weaker during this period.

#### Business Barometer



- (1) Index value
- (2) Month
- (3) Year

12327  
CSO: 3639/33

## UNEMPLOYMENT GRADUALLY BEING REDUCED

Stockholm DAGENS NYHETER in Swedish 9 Nov 84 p 12

[Article by Clas Barkman: "The Central Bureau of Statistics (SCB): Unemployment Slowly Decreasing"]

[Text] Open unemployment continues to decrease. In October of this year there were 3.1 percent without jobs. The corresponding figure for last year was 3.4 percent.

If the number of the openly unemployed is added to that of people assisted by measures of labor market policies, etc, the unemployment figure is just as high in October of this year as it was during the same period last year.

That is what the latest SCB-figures show.

Among the 138,000 jobless in October 26 percent were without work for more than six months. That is a small increase compared with October last year.

The entire reduction of last year's unemployment occurred in the 16-19 year age group. Young people 20-24 years old, essentially, are dealing with a situation that is just as difficult as last year.

The number of jobs registered at unemployment agencies show an increase in the manufacturing industry sector. There were only 4,100 newly registered jobs in the manufacturing industry at the agencies in October 1983. The figure for October this year was 8,300.

## Overall Figures

If one adds up the openly unemployed and those working part-time, but looking for full-time jobs--people who would have liked to look for work, but could not do so--and those who are affected by the labor market policy measures presently in effect, the overall figures show 10.5 percent outside the regular employment market.



By and large, these figures are the same as last year's.

As usual, it is easier to find jobs in the urban areas than in sparsely populated regions. There were three applicants for each available job in Stockholm in October of this year.

Unemployed people in the counties of Norbotten and Gavleborg had the most difficult situation as there were 18-19 applicants for each available job.

	<u>Oct. '84</u>	<u>Oct. '83</u>
Openly unemployed	3.1%	3.4%
Latent unemployed who did not look for jobs	1.1%	1.4%
Part-time workers who would like full-time jobs	3.2%	3.3%
Participants in Labor Market Board's programs for training unemployed, youth-programs, emergency programs, etc.	2.5%	2.4%
Jobs with recruitment assistance	0.6%	--
TOTAL:	10.5%	10.5%

9349

CSO: 3650/46

## GROWTH EXPECTED TO DROP IN 1985

Stockholm DAGENS NYHETER in Swedish 10 Nov 84 p 12

[Article by Bjorn Anders Olson: "Institute of Economic Research: Slower Growth Next Year"]

[Text] Economic activity in Sweden will increase during the rest of this year and into the beginning of next year. After that growth will level off. In Western Europe the growth is expected to continue.

This can be read in the two most recent compilations of the so-called economic indicators.

This is the second time that the Institute of Economic Research has put out its report of the leading Swedish economic indicators.

Last month these indicators pointed in the direction of a slowdown of economic growth at the beginning of next year. There was, however, also a caution not to exaggerate the importance of the change in any one month alone.

The latest report for August also shows an increase of 0.4 percentage point. Since the purpose of the leading economic indicators is to project the development for the coming nine months, it means that the Swedish economic situation will remain good--at least until May of next year--even if there will be some leveling off in the growth during the period between March and May.

The leading economic indicators in the Swedish compilation include: the discount rate of the Swedish Central Bank, the deflated money supply calculated on the consumer price index, export of timber and pulp, incoming new orders, inventory ratio, terms of trade between export and import prices on engineering products and notification.

## Timber and Pulp

New orders and export of timber and pulp are the two primary reasons contributing to a leveling off during the period of March until May of next year.

Timber and pulp exports are two variables which have an early impact on the business cycle. If they drop off it points to a later and more general overall decline.

Projections about leading economic indicators should always be taken with a grain of salt as they frequently have to be revised later on.

In the European Community (EEC)--for instance--the indicators were not able to foresee the West German metal strike, or the British coal and dock workers' strike, which in turn meant that the development turned out to be very different from what was predicted.

On the other hand, all the EEC indicators are pointing upward at this time, growth is back to the level it was before the metal strike, which points toward continued growth even next year. The development in the construction industry is the one component which pulls down the otherwise positive trend in the EEC.

9349

CSO: 3650/46

## GLIMMER OF HOPE SEEN FOR 1985 INFLATION BATTLE

Istanbul DUNYA in Turkish 14 Nov 84 p 1

/Text/ The results for October definitely indicate that prices in 1984 have risen about 50 percent. Bluntly speaking, we still have crippling inflation.

Along with this, it is clear that on an annual basis, the advance in wholesale prices has developed on top of the 7-8 point increase in consumer prices. In light of this, it can be stated that the effect of demand on inflation has more or less disappeared; the effect of cost price pressure, however, is intensifying.

Taking cost pressure into account, it becomes impossible to speak of a raise in wages for the time being. Wages are increasing on a par with the current official inflation projection. In fact, they are above the official estimate. Because of this, wages as a portion of prime costs are falling.

As part of wage policy, rather tight controls are in effect in both the public and private sectors.

The pressure of costs, especially energy and production input costs, on inflation is becoming evident: On an annual base, it can be seen that energy costs have increased around 80 percent and the cost of production inputs about 60 percent.

One factor that must not be overlooked here is that a change in policy on the rate of exchange is precipitating an upward trend in production costs.

Results in 1984 show that the hope of halting price increases has been postponed to 1985. Yet an "aggressive battle against inflation" was one of the two basic objectives of the Ozal government, along with "improving the balance of payments."

In fact, it seems as if the 1984 inflation rate of approximately 50 percent has to a certain degree been purposely stimulated. Prime Minister Ozal's first year, which he has termed "the most difficult period of his

regime," shows strong indications of providing an opportunity for capital accumulation and, at the same time, of taking advantage of the inflation to close the financing gap in the public sector. The rate-of-exchange policy, which is propped up by keeping prices high through increases and by keeping the Turkish lira below its true value, attracts attention as the most prominent of these indications.

The inflation of 1984 appears to have provided significant opportunities for the targeted new economic structure, despite the fact that for the great masses of people it has occasioned a life of extreme hardship. In the private sector, in spite of the complaints about cash shortages and credit restrictions, it appears that in finding themselves going along with the liberal economic policies, the financial structures have truly achieved a much healthier character. Prime Minister Ozal defines this development as a "harmony of policies."

In the public sector as well, it is clear that the high price level indicates to a great extent that it has approached the point of self-regulation.

Now, looking forward to 1985, the important question is whether or not inflation will fall to its projected rate of 25 percent. In spite of all the difficulties, the attainment of this rate appears quite certain. But one must not forget that when the rate of inflation for 1985 is being predicted, the sky-high price levels of 1984 will be taken as a base.

12575

CSO: 3443/46

## CENTRAL BANK OPENS CREDIT COFFERS TO AGRICULTURE

Istanbul MILLI GAZETE in Turkish 14 Nov 84 p 6

/Text/ At the beginning of November, the Central Bank opened its credit coffers to the agricultural sector.

According to figures from the Central Bank, during the week of 26 October-2 November credit totalling 30.3 billion lira was provided for the agricultural sector, with 26.1 billion lira to agricultural credit cooperatives and 4.2 billion lira to the Agricultural Sales Cooperative Association, which conducts support buying. In spite of this increase, however, credits received by the agricultural sector from the Central Bank, now up to 30.4 billion lira, have since the first of the year been subject to a ceiling of 31.3 billion lira.

During the 1-week period, a 2.2-billion-lira support was also extended to the banking sector. It was indicated that banking credit accounts, which stood at 77.1 billion lira at the beginning of the year, will be 450.2 billion lira starting 2 November.

An increase of 14.6 billion lira in short-term advances for the Treasury was recorded during the first week of November. Thus, Treasury advances, which have increased 126.2 billion lira since the start of the new year, have reached 464.8 billion lira.

At the same time, bank deposits in the Central Bank decreased 9.5 billion lira in one week. Its deposits, which have decreased 59.4 billion lira since the first of the year, have now shrunk to 25.1 billion lira.

Despite this, the excess reserve deposits set up by the banks increased 4.3 billion lira during the past week, reaching a total of 872.6 billion lira. It was calculated that the increase in excess reserves since the beginning of the year now totals 311.5 billion lira.

## Stability a Must in Farm Support Prices

Osman Ozbek, head of the Turkish Agricultural Chamber Union, stated that to bring about an increase in agricultural crop production, insuring stability in factor costs is a must.

In a statement made to the Turkish News Agency /TNA/, Ozbek, noting that there were decreases in crop production in recent years, said:

"The reason for this reduction in crop production has been that in the development plans the projected rate of development for agriculture was kept low, and this was aggravated by inadequate measures. In the 5-year development plan, the targeted annual average rate of growth was set at 3.6 percent. This projected rate of growth is insufficient for the agricultural sector of a nation whose annual rate of population growth is 2.5 percent and whose per capita income in the agricultural sector is one-fifth that of other sectors."

Ozbek noted that according to the fertilizer use program, the set goal was 8.5 million tons in 1980 and 8.8 million tons in 1984, whereas that established for improved seed had remained at the same level during the years. Remarking that in contrast to the proposed fertilizer use of 8.5 million tons in 1980, the actual amount of fertilizer used was 5.9 million tons, Osman Ozbek added:

"This was because the cost of fertilizer doubled that year. In spite of this, again in 1984 fertilizer prices were increased up to an estimated 139 percent twice in succession. This decreased fertilizer consumption, despite the fact that it is an important factor in raising productivity in our nation. Moreover, an increase in the price of diesel fuel for farm use occurred again this year. It is necessary to provide stability in input costs to increase production."

#### Farmer Credits Inadequate

Osman Ozbek asserted that although repeated increases in factor costs were observed, the credits extended to the farmer for these production inputs were inadequate. Noting that the agricultural credit accounts opened by the Agricultural Bank did not meet farmers' needs, Ozbek said, "While the credits designated for agriculture in 1983 came to 625.6 billion lira, this year they were raised to 734.8 billion lira, an increase of just 17.5 percent."

Ozbek stated that the Turkish farmer needs credit, but that credit institutions had not fulfilled their function satisfactorily, that steep price increases had been experienced in factor inputs of production and that as a result drops in production had occurred.

Osman Ozbek, indicating that it was absolutely necessary to be able to increase export production possessing competitive strength, added that this could come about only by the use of production factor costs at the same level as the use of technology and through reasonable crop prices provided for the farmer; otherwise, continuing reductions in production and exports would mean that the level of imports would increase indefinitely.

12575

CSO: 3554/46

## ESTIMATES FOR NATURAL GAS DEMAND

Rome NOTIZIARIO DELL'ENEA in Italian Aug-Sep 84 p 73

[Text] An increase in the contribution being made by methane to the supplying of our national energy needs is one of the three main axes of diversification called for by the PEN [National Energy Plan] to reduce the risks stemming from too great a dependence on oil--the other two being the fostering of more widespread use of coal and the more extensive use of nuclear energy.

Natural gas consumption contributed around 16 percent to our national energy balance last year. By 1990, PEN projections indicate a contribution by this source of 19-20 percent. Implementation of the relative program is based on a projection of 1990 needs by then totaling some 40 billion cubic meters a year as compared to the 1983 total of 27 billion.

It is the civilian consumption sector that can best, and that more and more will be able to, appreciate the advantages of methane: Its convenience, its simplicity and economy of use, its high yield, its reliability and constant availability, the elimination of storage tanks, the easy verifiability of the quantity and quality of the product dispensed, and the absolute absence of the polluting emissions typical of traditional fuels.

The SNAM [National Gas Pipeline Company] program provides for an increase in consumption by the civilian sector from its present level of 12 billion cubic meters annually to around 17 billion cubic meters annually by 1990. SNAM's plan for sales to industrial consumers calls for a level, by 1990, of around 16 billion cubic meters annually as compared to the current total of around 12 billion. The increase will be shared both by the high-priority-user market, which is already served for the most part, and by the market presently being served by fuel oil. To be added to these figures are those for consumption in the thermoelectric sector, which for the period being considered are estimated to total around 5 billion cubic meters per annum. These figures are consistent with the substantial contribution the hydrocarbons will still have to be providing over the intermediate term for the production of electrical energy.

Attainment of these objectives will be possible through a substantial volume of investments designed to develop a suitable network of gas pipelines,



particularly in Southern Italy, while networks must also be built in the Northern areas not yet being served. In addition, city distribution networks will be built and those already in existence renewed and improved. Altogether, investments in the sector, under the ENI [National Hydrocarbons Agency] programs for the 3-year period 1984-1986, will total 3,712 billion lire, with substantial and beneficial effects from an employment standpoint.

In 1983, natural gas consumption in Italy totaled around 27.4 billion cubic meters (up 2.3 percent over the preceding year), mainly owing to increased consumption in the civilian and thermoelectric sectors. Imports registered a substantial rise (+9 percent), and supply sources last year were as follows (in billions of cubic meters): USSR 7.7; Holland 4.9; Algeria 2.1; for a total of 14.7 cubic meters. The most significant development last year was the start of import deliveries from Algeria via the trans-Mediterranean gas pipeline. Production from the gas deposits under our national jurisdiction was over 12 billion cubic meters in 1983. Our storage reservoirs were also stocked with sufficient quantities of gas to meet winter distributional demand peaks. Around 90 percent of our domestic production comes from deposits under ENI concession. Our proven and still recoverable national gas reserves are estimated to be at a level in excess of 240 billion cubic meters, of which some 225 billion are in ENI-owned concessions. The size of our remaining national reserves is up around 10 billion cubic meters over the preceding year's, in that, new discoveries and reevaluations during the year more than offset the total quantity extracted for consumption.

The makeup of ENI sales, that is, of the quasi totality of the methane sold in Italy, is as follows (in billions of cubic meters): Civilian uses 12.0 (+6.1 percent), continuous industrial uses 10.0 (-5.8 percent); interruptible 4.7 (+13.9 percent); for a total of 26.7 billion cubic meters (+2.5 percent).

The national gas pipeline network, which now exceeds 17,000 kilometers in length, underwent further development in 1983. Approximately 97 percent of it has been built and is operated by companies of the ENI Group. As of year-end 1983, the user facilities served by the SNAM network totaled around 4,850, of which 1,463 consisted of city distributional networks connected to 8.3 million household subscribers being served. The city distribution networks are operated by specialized firms; 33 percent of these (Italgas, etc) belong to the ENI Group, 46 percent to companies taken over by municipalities, and 21 percent to privately-owned companies.

9238

CSO: 3528/15

## TWO PHOTOVOLTAIC PLANTS OPERATIONAL IN VERONA, GIGLIO

## Zambelli Plant in Verona

Rome NOTIZIARIO DELL'ENEA in Italian Aug-Sep 84 pp 71-72

[Text] A pumping station powered by a photovoltaic plant was inaugurated on 7 July at Zambelli on the mountains in the Lessinia region, between Bosco Chiesa Nuova and Cerro Veronese, in the province of Verona.

The Zambelli plant consists of 1,296 panels in a row-on-row configuration along a mountain ridge; each panel contains 72 photovoltaic cells (93,312 cells in all), which convert solar radiation into 70 kilowatts of electrical energy that drives two hydraulic pumps, 35 horsepower each, and capable together of raising 56 cubic meters of water from a height of 830 meters to a height of over 1200 meters, where the distribution tanks of the aqueduct that supplies water to a tourist complex are installed.

In the photovoltaic mode of energy, solar radiation is converted directly into electricity, taking advantage of the properties of certain minerals, like silicon, specially treated for the purpose. This form of energy conversion is not to be confused with the traditional solar energy techniques in which panels are used to simply heat water.

The electrical energy produced by the Zambelli plant is not all used up in driving the hydraulic pumps; a portion of it is directed towards storage batteries and utilized on days lacking in sunlight. The Zambelli project, which takes its name from the locality in which the photovoltaic plant is installed--and which is owned by the general company for services taken over by the municipality of Verona--was financed by ENEA [National Agency for Research and Development of Nuclear and Alternative Energies], by the EEC [European Economic Community], and by the Veneto Regional Administration.

It is a pilot plant, one of a number of such plants being promoted by the European Community for the purpose of studying applications, reliability and viability of photovoltaic energy. In Italy, in addition to the Zambelli plant, there are three other, slightly lower-powered, plants: The Tremiti Islands plant, which uses photovoltaic energy to desalinate sea water; the Vulcano plant, which provides electricity to a small zone on the island;

and the plant on Isola del Giglio, which is used to power a water purification plant and food refrigeration plant on the island.

The Zambelli plant was built by Pragma, an associate company under AGIP [National Italian Oil Company] of the ENI [National Hydrocarbons Agency] group, with technical and scientific support being provided by ENEA. The president of ENEA, Umberto Colombo, who inaugurated the plant, took the opportunity to point out that, if current developmental projections hold true, installed photovoltaic generating capacity will have attained 10,000 megawatts by the year 2000.

Umberto Colombo also emphasized that, although plants of this type are still costly as of today, it is nevertheless necessary to experiment with and build photovoltaic power generating plants and, more generally speaking, plants fueled by renewable energy sources, to acquire data and experience of utmost interest to Italian industry, from the standpoint as well of possible penetration of foreign markets.

[Caption over photo p 71]: Partial view of the photovoltaic "field" that powers the pumping station inaugurated 7 July between Bosco Chiesa Nuova and Cerro Veronese, at Zambelli, on the mountains in the Lessinia region, in the province of Verona.

#### Isola del Giglio Plant

Rome NOTIZIARIO DELL'ENEA in Italian Aug-Sep 84 pp 72-73

[Text] The pilot photovoltaic plant built on Isola del Giglio was inaugurated on 23 July. It is a 45-kWp [kilowatts peak] system, 30 kWp of which are used to power a food refrigeration complex and 15 kWp for water purification on the island.

During the summer period, up to 30,000 tourists sojourn on Isola del Giglio: This makes for optimal seasonal use of the plant, in that, during its phase of maximum yield, it satisfies the maximum load demands of the system.

Operation of this pilot photovoltaic plant will provide detailed knowledge of many aspects of the use of such systems. It will provide a means of diligently testing the reliability of components, developing the technical characterization of photovoltaic arrays, and studying the experimental as well as the industrial operating cost factors.

The building of the pilot plant, fostered by the Tuscan Regional Administration and by the Isola del Giglio municipality, was financed by contributions from the EEC, ENEA and the foregoing local administrations.

ENEA provided industrial promotion, technical review and oversight of the project as a whole and ongoing project management. The plant was built by a group of firms consisting of Pragma, an associate company under AGIP [National Italian Oil Company] of the ENI [National Hydrocarbons Agency]

group; Oto Melara of the EFIM [Manufacturing Industry Holding and Financial Company] group; and Nuovo Pignone of the ENI group.

Pragma provided the planning of the interface system and built the photovoltaic array; Oto Melara built the refrigeration system and the associated control electronics; and Nuovo Pignone developed and installed the ozonizer and the data-gathering system for the installation as a whole.

[Caption over photo p 72]: A view of the pilot photovoltaic plant on the Isola del Giglio.

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CSO: 3528/15

END